

AB Amber Grid
**Social
Responsibility
Report**
2020

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ABOUT THE PROGRESS REPORT

In preparing the Progress Report on Social Responsibility (hereinafter – the Progress Report, the Report) of the Company, AB Amber Grid (hereinafter – the Company, Amber Grid) follows the principles of the Global Compact initiated by the United Nations (UN) and the recommendations of the Global Reporting Initiative (GRI), which help to measure performance against the related economic, environmental, employee, human rights, market and public relations indicators.

This report is prepared for all stakeholders: business partners, investors, employees and their trade union, media representatives, social partners, residents and local communities, and other related organizations.

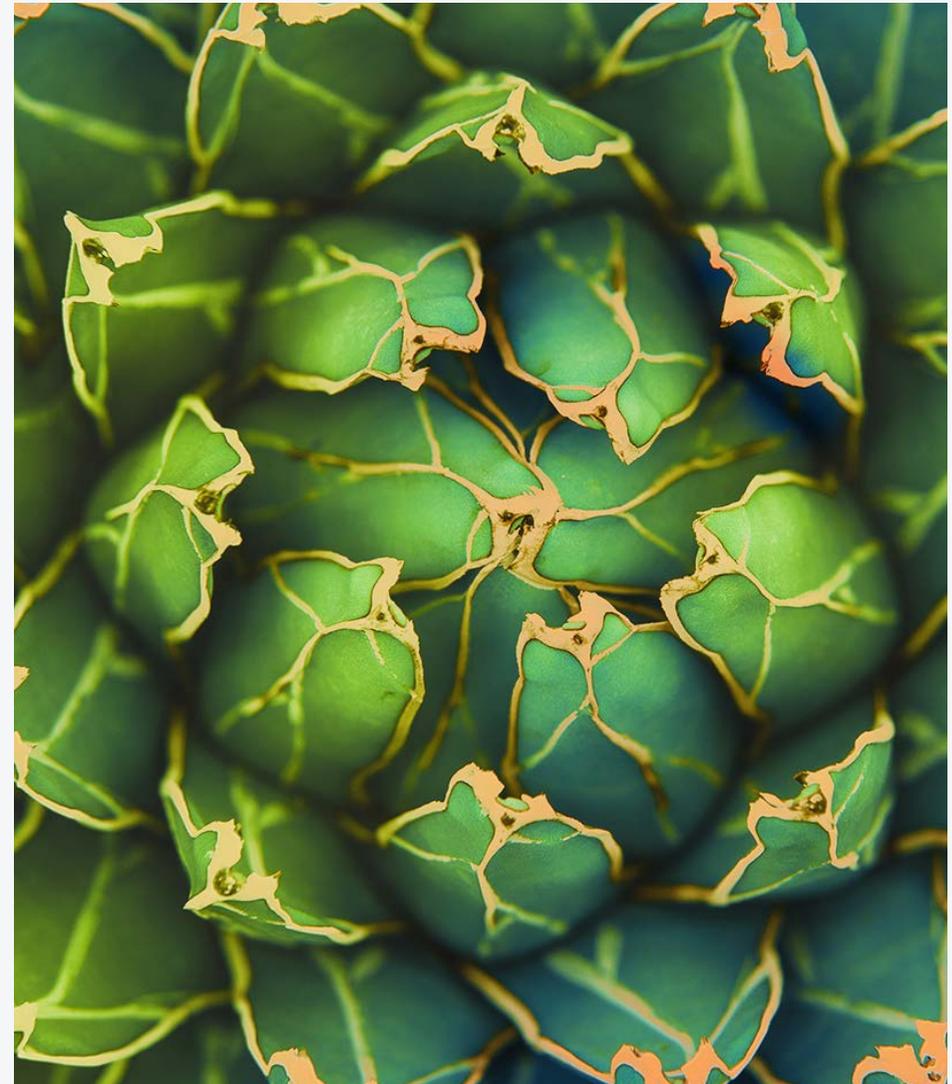
This Progress Report presents the works and achievements of Amber Grid in 2020 in the field of social responsibility related to the market, environmental protection, the employee and public relations. The report describes the strategic

directions, actions and achievements of social responsibility of the Company.

Questions or comments and remarks regarding the improvement of the social responsibility report are welcomed by e-mail: soc.atsakomybe@ambergrid.lt.

During 2020, no stakeholder feedback on the Report 2019 or on the responsible activities pursued was received.

This Progress Report is prepared in Lithuanian and English. It is posted on the Company's website at www.ambergrid.lt (section 'Social responsibility'), on the website of Nasdaq Baltic Stock Exchange. The Report has not been audited.



STATEMENT OF THE DIRECTOR GENERAL AS PART OF THE SOCIAL RESPONSIBILITY REPORT

I am delighted to present Amber Grid Social Responsibility Report for the year 2020. The elapsed year had been marked by global pandemic and presented many challenges to the company, however with the concentrated effort of the company's employees they had been successfully overcome. With the changes in normal working conditions our first priority was the safety of the employees. We organised remote work, allocated personal protective equipment, organised rapid antibody testing for our employees and regularly provided information on the measures to be taken to protect themselves from infection with the coronavirus. This resulted in ensuring continuous operation and achievement of the goals set forth in the strategy.

One of the priority objectives of Amber Grid for this last year – the commencement of the strategic Lithuania's energy project, i.e. interconnection of the gas pipelines between Lithuania and Poland GIPL (Gas Interconnection Poland-Lithuania) – was implemented to the greater extent than expected. Despite the complicated situation in the context of the coronavirus pandemic we completed the most complex stages of the construction and just over planned 61 per cent of all GIPL works. During these we have been focusing in particular not

only on the implementation of the project plan, but also on the management of risks. During the course of the implementation of this extensive engineering project special focus was placed on the compliance with environmental requirements. During the construction of the pipelines under the largest rivers in Lithuania – the Nemunas and Neris rivers – the priority was given to the preservation of the environment. A special environmentally sustainable horizontal directional drilling technology had been used in the performance of technological works. All project works are monitored by the Lithuanian Fund for Nature. Appreciating the needs of the communities within the environments of which works are performed we collaborate with the network of community elders representing local residents and quickly respond to their concerns concerning the restoration of the environment upon the completion of the gas pipeline construction works.

The year 2020 had been particularly important in bringing the attention of the global society to sustainable activities and relationship with the environment. Plans promoting green change are rapidly translated into actions, since only with transformation of economies positive changes in

climate can be expected by reducing the impact on the environment and putting a stop to climate change. Throughout the last year Amber Grid had been active in taking actions in the green direction both by joining a number of associations and alliances engaged in the development of green energy and making a plan for strategic transformation, i.e. projected actions for the adaptation of the gas transmission network to transportation of renewable energy resources, as well as setting objectives significant in reducing the impact on the environment.

During the seven years of operation of Amber Grid we secured a position of a reliable and socially responsible transmission system operator. This would not have been possible without the efforts and support of our employees. I would like to express my gratitude to each and every one of them for their professional commitment, progress and cooperation. This also led to a well-deserved trust of business partners, clients, and contractors in our company.

Respectfully

Nemunas Biknius



RESPONSIBLE ACTIVITY PRINCIPLES AND PRIORITIES

The Company perceives social responsibility as an integral and inseparable part of sustainable business. The Company sees sustainable development as a whole of targeted economic, social and environmental actions. Aware of the impact of our daily activities on global and national phenomena, we strive every day to reduce greenhouse gas (GHG) emissions, to carry out prevention of accidents, to transport gas safely and reliably, to develop employee talents, to promote their volunteering, gender equality, etc. The principles of social responsibility are implemented on the basis of the relevant policies of the EPSO-G group of companies and other applicable internal documents.

- Social Responsibility Policy,
- Transparency and Communication Policy,
- Corruption Prevention Policy,
- Equal Opportunities Policy,
- Environmental and Occupational Safety and Health Policy,
- Human Resources Management Policy,
- Code of Ethics, and
- Other internal documents defining the principles followed by all companies of the Group in developing responsible business.

The Company identifies the following responsible activity priorities and on their basis defines the main guidelines for responsible activities:



Environmental sustainability area – through the efficient use of natural resources in their activities; promoting sustainable attitudes of workers, contractors, suppliers and the public towards the environment and active participation in preventive programmes ensuring the ecological landscape and biodiversity.



Social environment – through relations with employees and society, taking care of the health, safety and equal rights of their employees, progressive management of activities and application of the remuneration system, creation of conditions for personal and professional development of employees, development of key competences, development of various social initiatives, volunteering and other projects, cooperation with research bodies.



Economic environment – through open and fair cooperation with stakeholders and all those contributing to the implementation of the provisions of socially responsible business, safe and reliable transmission of natural gas to the system users, the fight against corruption and bribery, ensuring competitiveness, fair payment of taxes.

Stakeholders

The responsible business activities of Amber Grid are based on the Company's values and define the Company's approach to the activities, including social, environmental and transparency principles in their internal processes and relations with stakeholders. Stakeholder involvement is crucial and important for ensuring the

socially responsible operation of the Company. In its activities, the Company endeavours to take into account the interests of these stakeholders and to adopt decisions that are in their best interests. The Company has a wide range of stakeholders, but in this context the below specified target groups are most important:

Stakeholders	As defined by us	Why this group matters	How we communicate
 Consumers	Suppliers, heat producers, industrial consumers	The Company is active in B2B (business-to-business) area. It is important for this group to ensure competition on the gas market and to obtain good service.	Given the complexity of services provided and economic expectations, we take care of our consumers and strive to provide them with the highest quality services that satisfy the consumers.
 Founder	The State, whose interests are represented and expectations are formulated by UAB EPSO-G	Close cooperation necessary for ensuring the formation of a coherent and long-term vision of the energy sector and smooth implementation of initiatives and projects of national and regional importance. It is also important for the shareholder to ensure a sustainable return.	We keep them informed of the most important events, make live presentations, answer the questions that arise and strive to build a relationship based on mutual trust.
 Society	We perceive the society in the broadest sense – when talking about commitments and the impact of activities we have in mind not only the country's population, but also the environment, nature	Amber Grid's mission – the efficient and reliable transmission of gas, the facilitation of competition on the gas market, the development of renewable energy sources thus contributing to public well-being.	We reduce the impact on climate change and strive for long-term economic competitiveness of Lithuania.
 Media	National, regional media	The Company communicates its activities in a transparent, timely and open manner.	We maintain business relationship by providing information about our activities in an expeditious and transparent manner.
 Employees (P2P)	Company's employees	Experienced, competent, engaged and value-driven professionals are the main prerequisite for achieving the strategic goals and vision.	We continuously care for our employees because we consider this as one of the fundamental principles of sustainable business. We ensure the equality of employees, equal pay conditions, successful reconciliation of work and private life. We care about the development, health and implementation of the culture based on the openness and values, and take into account the opinion of employees.
 Communities	Local communities where we operate	A very important element of the successful implementation of projects is support for local communities built on promotion of mutual trust, understanding, cooperation and responsibility.	We maintain continuous communication with communities, organise awareness-raising events for local communities introducing our pursued activities that may affect members of the communities or their environment.

Table 1. Key target groups

COMPANY VALUES, STRATEGY AND OBJECTIVES



VISION

The innovative energy company in the integrated European gas network.

- **Innovative** – applying, advanced methods and technologies. This allows working faster, more efficiently, and offering innovation to customers and partners.
- **Integrated European gas network** – Baltic and European gas markets with access to the global LNG market interconnected both in terms of physical infrastructure and well-functioning market and infrastructure access models allowing easy and flexible transportation and trading of gas.



MISSION

We effectively and reliably carry out gas transmission, create favourable conditions for competition on the gas market and the development of renewable energy sources.

- **Effectively** – we seek the best results efficiently and optimising our business processes.
- **Reliably** – we transport gas to customers safely and without unexpected interruptions.
- **Favourable conditions for competition** – we work to ensure that the transmission system use conditions and provided services are flexible and convenient for the existing and new gas market players and facilitate easy access to gas from various sources.
- **Development of renewable energy sources** – by maintaining the register of guarantees of origin for gas and by other means, we aim to develop the production and marketing of gas from renewable energy sources.



To implement strategic directions, Amber Grid develops an appropriate organisational culture based on the Company's values. Amber Grid follows common human, national and professional values. These values are the foundation of the Company's behaviour, activities and organisational culture.

The principles of value-based behaviour and the lead-

ership principles applied in the Company are integrated into the annual employee performance review system. Each case of value-based behaviour is assessed by giving an appropriate comparative weighting on which the variable remuneration of managers and employees depends.

The Company's values are described below.

Value	Description
 Professionalism	- I do the work better than expected from me - I say what I do and do what I say - I keep my promises
 Cooperation	- I communicate in a clear and understandable way - I show my position and respect others - I help others achieve a result
 Progress	- I take the initiative learn from mistakes - I look for new ideas and implement them - I keep developing my skills and share them

Table 2. Description of Amber Grid values

Amber Grid follows common human, national and professional values. These values are the foundation of the Company's behaviour, activities and organisational culture.

Strategic objectives and action plans

In order to achieve the Company's vision and the strategic goals set by the State and the shareholder – to increase the Company's value and ensure the implementation of the country's strategic interests in the gas sector, Amber Grid focuses on four strategic directions (see Figure 1):

- Development of regional activities and ensuring the success of strategic projects;

- Sustainable growth of the Company and ensuring long-term benefits for the shareholders;
- Efficient performance and innovation;
- Creating and advanced organisation.

The operational strategy of the Company is approved by the Board of Amber Grid. The strategic directions in the 2017–2022 operational strategy correspond to the strategic directions formulated by the principal shareholder UAB EPSO-G.



Figure 1. Interface between Amber Grid's strategic directions and objectives



The Company's plans are strongly influenced by decisions of public authorities on the strategic directions of the country's energy, and the solutions regarding the development priorities for individual energy sectors (the National Energy Independence Strategy approved in 2018, and the plan of its implementing measures, the National Energy and Climate Action Plan 2021–2030 approved in 2019), as well as by decisions related to the promotion and development of renewable energy sources, increasing energy efficiency, implementation of the requirements of the Network Codes adopted by the EU in the areas of security, reliability, interoperability of gas pipelines, as well as in the areas of access conditions, trading, pricing, and other.

Changes in the design of activities are reflected in the strategic goals set by the Company – in order to be successful, we must continue to operate in the global market, digitise services and increase their numbers, introduce innovative technological and intellectual solutions, and contribute to the creation and development of better conditions for renewable energy sources. All these changes are dictated by the changing business environment, strategic decisions of the State, and technological development.

In carrying out the activities of the gas transmission system operator, the Company provides the following services to the system users, other operators and natural gas market participants:

- Gas transmission in the territory of Lithuania;
- Gas flow balancing in the transmission system;
- Administration of the LNG terminal, its infrastructure, connection installation and fixed operating costs and compensation for reasonable costs of the required supply of liquefied natural gas by the designated supplier.

From 2019, Amber Grid maintains the National Register of Guarantees of Origin for gas produced from re-

renewable energy sources, i.e. provides the functions of issuing, transferring and revoking guarantees of origin and supervision and control of the use of guarantees of origin and recognition of guarantees of origin issued in other states in Lithuania.

Customers of natural gas transmission services provided by Amber Grid through the main gas pipelines and gas flow balancing in the transmission system are large Lithuanian electricity, district heat production companies, as well as industrial enterprises and medium-sized Lithuanian business companies, Baltic and third country energy and gas supply companies provided with gas transmission services.

Customers of the Register of Guarantees of Origin for gas produced from renewable energy sources are gas producers, gas suppliers, gas transmission system and gas distribution network operators and other market participants who are planning to obtain or who use the guarantees of origin.

New Strategy of the Company

At the beginning of 2021, the Company prepared a new strategy for 2021-2030. The new strategy defines the vision and mission by 5 key stakeholders (consumers, producers/suppliers, founder, society and employees (P2P) of the Company thus identifying the Company's main purpose, identity and priorities defined as long-term commitments to the stakeholders.

We identified priorities for each stakeholder and a common for them for a long-term period of 10 years, set the targets for 2030 and strategic indicators.

Particular attention is paid to implementing provisions of the EU's new strategy, the European Green Deal. In response to the European Green Deal, the Company will

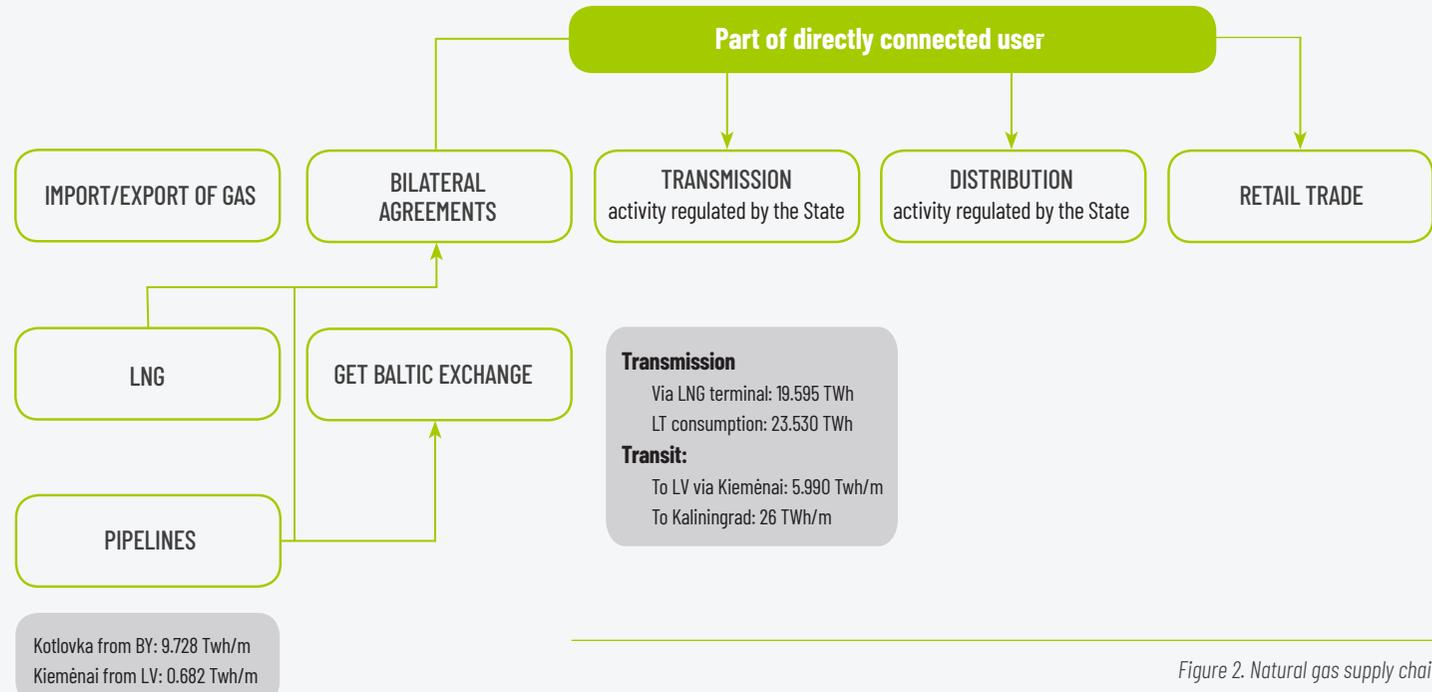


Figure 2. Natural gas supply chain

	CONSUMERS	PRODUCERS / SUPPLIERS	FOUNDER	SOCIETY	P2P
MISSION	Develop a system enabling the competition and the use of climate friendly energy				
COMMITMENTS	Ensure competition on the gas market and access to green gas	Transport various gas products across the region in a simple and flexible way	Operate effectively, consistently develop and adapt our activities to the development of RES	Reduce the impact on climate change and seek long-term economic competitiveness of Lithuania	Create an engaged and advanced team living on future energy
VISION	Environment-friendly, innovative energy company in the integrated European gas network				
PRIORITIES	Growing competition through market integration and transportation of new products: biomethane, hydrogen and methane mixture and, in some cases, in the longer term, also pure hydrogen	Developing a customer-oriented organisation for regional gas market players, while transporting gas in a simple and flexible way	Creating favourable conditions for RES integration and ensuring efficient asset management	Reducing environmental impact of activities and adapting transmission system to decarbonisation of the energy sector	An engaged and innovative team - the centre of future energy competences

Table 3. Priorities and indicators

mainly focus on the following areas:

- increasing the EU's ambitions for 2030 and 2050 in the area of climate change;
- accelerating the transition to clean and smart mobility;
- security of clean and affordable energy supply and energy supply.

Efficient operation and innovation

Digitisation of IT systems. In 2020, the Company launched or continued a series of IT system digitisation projects: continued working on the Integrated Accounting and Financial Management Information System to ensure effective accounting, budgeting, control and analysis functions of EPSO-G group of companies. The IT system for efficient gas flow management and interactive information exchange between the transmission system operator and system users is being further implemented. There has also been and will continue to be a strong focus on cyber-security of IT systems. In 2021, the Company will continue their participation in the R&D project 'SecureGas' started in 2019, which, together with international

partners, aims to ensure the security and resilience of the EU gas network to cyber and physical threats.

In 2020, the company further contributed to the issuance, transfer and revocation of guarantees of origin and to the oversight and control of the use of guarantees of origin and recognition in Lithuania of guarantees of origin issued in other countries. The system of guarantees of origin must ensure incentives for all who wish to use in their activities environmentally friendly fuels produced in Lithuania or another EU country, thus contributing to environmental sustainability. The Company envisages continuing these activities in 2021.

In order not only to become more efficient, but also to increase the use of green energy, in 2020, the Company launched a project as a result of which the Company will become a solar energy consumer producing almost half of its electricity for own needs from renewable sources. The project is planned to be implemented by installing solar energy elements with a capacity of 1,400 kW in the Company's territory in 2021. Their electricity generation will account for about 40 % of the Company's total electricity demand.

In improving the management of operations, the implementation of technological asset management system has been continued based on risk assessment. In 2020, the plan of measures was developed and pilot operation schedules for 2021 prepared taking account possible risks were approved.

For the third year, the Company participates in the benchmarking initiative involving a number of the European transmission system operators. On the basis of the benchmarking results, improvements to operational processes are planned and implemented. The benchmarking of 2020 was used as a basis for improvement of the processes of the ongoing activities in the Company. This project is long-term, and in 2021 we will continue improving the efficiency of our operational processes on the benchmarking basis.

To ensure effective management of project activities, the improvement of project management and project portfolio management systems processes was launched in 2020 and will be continued at the level of EPSO-G Group of companies in 2021. In order to promote innovation and search for possible new activities, the Company, together

with other companies of EPSO-G Group, in 2020 approved the functional action plan for the development of the innovation ecosystem of EPSO-G Group, and envisages implementing the activities provided for in the plan in 2021.

On 21 June 2018, the Seimas of the Republic of Lithuania approved the new National Energy Independence Strategy that sets the ambitious goal of becoming an energy-sustainable and self-sufficient state by 2050, in order to contribute to the implementation of this goal, in 2020, Amber Grid continued the analysis of the relevance and applicability of 'Power to Gas' (P2G) technologies in Lithuania. Currently, it is one of the technologies with the greatest potential which enables the accumulation and balancing of high-power RES-generated electricity in the electricity system, is the production of hydrogen or synthetic methane gas. Hydrogen or methane produced by P2G facilities can be supplied to the existing natural gas transmission infrastructure and can be mixed with conventional natural gas. This project is a part of the joint long-term innovation project of EPSO-G Group.



ABOUT THE COMPANY

The Lithuanian gas transmission system operator Amber Grid ensures reliable and safe transmission of natural gas to customers via high pressure gas pipelines. The Company is responsible for the operation, maintenance and development of the Lithuanian gas transmission infrastructure comprising more than 2100 km of pipelines and two gas compressor stations. A well-developed Lithuanian gas transmission infrastructure is convenient for transportation of large amounts of energy to the Baltic States and Finland.

The Company is implementing the strategic energy project GIPL (Gas Interconnection Poland-Lithuania), which will connect the gas transmission systems of Poland and Lithuania, as well as the Baltic States and Finland

with the European Union. In order to achieve the objectives of decarbonisation of the gas sector, Amber Grid is actively engaged in the search for new technological and market solutions and in creating the conditions for adapting the gas transmission system to transport green gas, including hydrogen. In addition, Amber Grid also maintains the National Register of Guarantees of Origin for gas produced from renewable energy sources (RES).

The Company manages UAB GET Baltic, which organizes trading on the natural gas exchange and which was issued a natural gas market operator's licence by the NERC. Currently, UAB GET Baltic organizes trading on the natural gas exchange on the markets of Lithuania, Latvia, Estonia and Finland. Amber Grid holds 100 % of shares in UAB GET Baltic.

Since 1 November 2015, Amber Grid is a member of the European Network of Transmission System Operators for Gas (ENTSO-G).

Name	Amber Grid AB (Amber Grid or the Company)
Legal form	Public limited liability company
Date of registration and name of register	25 June 2013, Register of Legal Entities
Legal entity code	303090867
Manager of the Register of Legal Entities	State Enterprise Centre of Registers
Authorised share capital	EUR 51,730,929.06
LEI code	097900BGMP0000061061
Registered office address	Savanorių pr. 28, LT-03116 Vilnius, Lithuania
Phone	+370 5 236 0855
Fax number	+370 5 236 0850
Email address	info@ambergrid.lt
Official website	www.ambergrid.lt



Key performance indicators

In 2020, the Company's revenue was EUR 50.8 million, down 7.7% compared to 2019 (EUR 55.1 million).

In 2020, the Company's net profit amounted to EUR 17.4 million, up 39.0 % compared to 2019 (EUR 12.5 million).

In 2020, the Company transported 58.0 TWh of natural gas, up 4.5% compared to 2019 (55.5 TWh).

Fair taxes

Amber Grid implements fair business principles by declaring and paying all due taxes on activities in a responsible and equitable manner.

Over the past 5 years, the Company has not been criticised for the declaration and payment of incorrect taxes. In 2020, the Company paid more than EUR 10.1 million of taxes.

Company's management

The Company's management structure according to the applicable articles of association is presented in Figure 3.

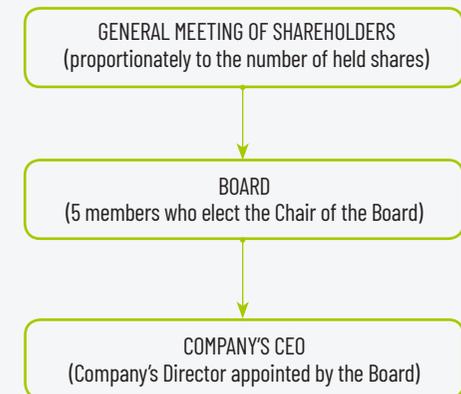


Figure 3. AB Amber Grid management principles

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme management body of the Company. During the reporting period, the Company's shareholders had equal rights (property and non-property) provided for in laws, other legal acts and the Articles of Association of the Company. None shareholder has been granted exclusive rights; all shareholders have equal rights. During the reporting period, the Company's management bodies created the appropriate conditions for the implementation of shareholders' rights.

Board of the Company

Board of the Company After the amendments to the Republic of Lithuania Law on Companies entered into force on 1 January 2018, the limits of responsibility of the Board of Amber Grid were extended by providing it with supervisory functions. In accordance with provisions of the Law, the composition of the Board was renewed – the employees of the Company were replaced in the Board by new members not related to the Company by employment relations. In order to continue to comply with good governance practice, the Company's employees performing the executive function may no longer be elected to the five-member board that performs the supervisory function.

According to the Company's Articles of Association the Board of the Company consists of 5 (five) members. In observance of UAB EPSO-G corporate governance guidelines, when electing the Board members it is ensured that two of them are independent members and three members are employees of the parent company.

The Board is elected by the General Meeting of Shareholders for a term of four years. The continuous term of office of a Board member does not exceed two full successive terms of office, i.e. not more than eight consecutive years.

When electing the Board members, the principle of proper representation of the rights of all shareholders in the Board is ensured.

The Board members' competences correspond to the main areas for which the Board is responsible: strategy, operational planning and organisational development; improvement and development of transmission activities; operational efficiency, financial control and corporate governance; corporate and project management and supervision; financial management and audit. When nominating candidates for the Board membership, priority is given in particular to the competence of the candidate and the need to ensure that the Board includes representatives of all relevant competencies in the key areas covered. The Chair of the Board is elected from among its members.

Until By 20 April 2020, the Board of Amber Grid was composed of Algirdas Juozaponis, Rimvydas Štilinis, Sigitas Žutautas (independent member) and Nerijus Datkūnas (independent member).

On 20 April 2020, the General Meeting of Shareholders of Amber Grid revoked the Company's Board in corpore at the end of its term of office and elected a new board of Amber Grid for a new term of 4 (four) years – Algirdas Juozaponis, Renata Damanskytė-Rekašienė, Rimvydas Štilinis, Sigitas Žutautas (independent member) and Ignas Degutis (independent member).

On 31 August 2020, Rimvydas Štilinis resigned from his position as the Board member of Amber Grid, and for the remaining period of 2020, the Board of Amber Grid was composed (and currently consists) of Algirdas Juozaponis, Board Chair, UAB EPSO-G Finance Director; Renata Damanskytė-Rekašienė, UAB EPSO-G Legal and Corporate Management Director; Sigitas Žutautas, independent member of the Board, Director of UAB Būsto paskolų draudimas; Ignas Degutis, independent member of the Board, Finance Director and Board member of RB Rail SA (Rail Baltica).

Committees of the Board

The Company's articles of association provide for the formation of the Audit Committee and the Remuneration

and Nomination Committee in the parent company (UAB EPSO-G) acting as the audit and remuneration and nomination committees at the level of EPSO-G Group, performing, inter alia, the functions of the Company's Audit and Remuneration and Appointing Committees.

The Innovation and Development Committee also functions at the Group level. Its activities cover the promotion of the innovation ecosystem, improvement of operational efficiency and development opportunities. All committees act as an advisory body to the Board of the Company.

Committees consist of at least 3 (three) members, the majority of whom are independent members.

In 2020, the Remuneration and Nomination Committee comprised Chair Jolita Lauciuvienė (independent member), Gediminas Almantas (EPSO-G Board independent member) and Dainius Bražiūnas (Energy Security Group Head of the Ministry of Energy of the Republic of Lithuania).

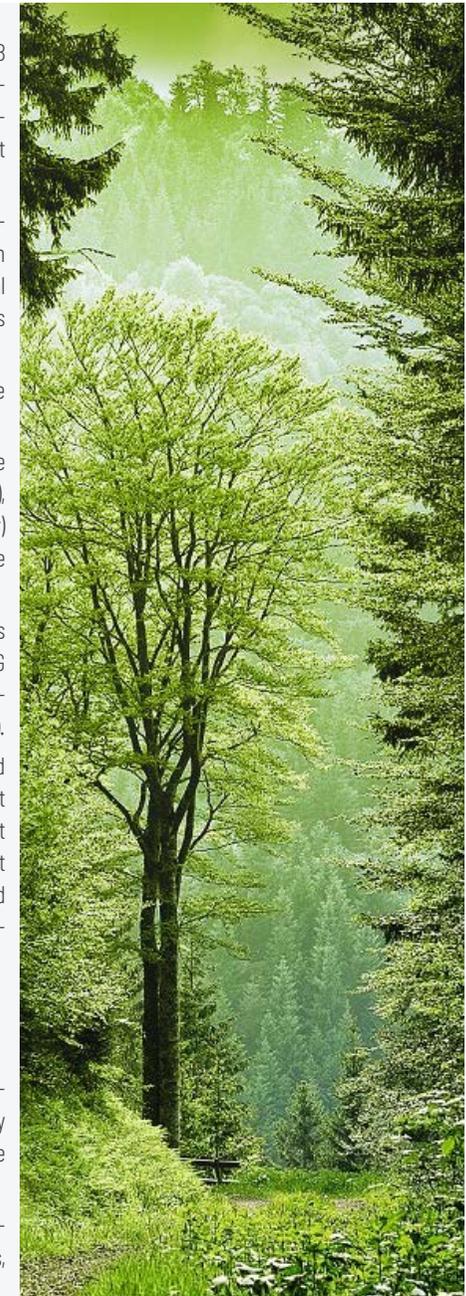
The Audit Committee comprised Chair Gediminas Šiušas (independent member), Robertas Vyšniauskas (EPSO-G Board independent member) and Gediminas Karalius (EPSO-G Board member nominated by the Ministry of Energy).

The Innovation and Development Committee comprised Chair Sigitas Žutautas (Amber Grid Board independent member), Tomas Tumėnas (EPSO-G Board independent member), Artūras Vilimas (Litgrid Board independent member), Gediminas Mikaliūnas (Batpool Board independent member), Šarūnas Nedzinskas (until 20-04-2020) and Tomas Urmanavičius (until 31-05-2020).

Chief Executive Officer

The Manager of the Company – the Chief Executive Officer is a single-person management body of the Company who is elected, appointed, recalled and dismissed by the Board of the Company.

The competence and the procedure for the election and revocation of the Chief Executive Officer are defined by laws, other legal acts and Articles of Association of the Company.



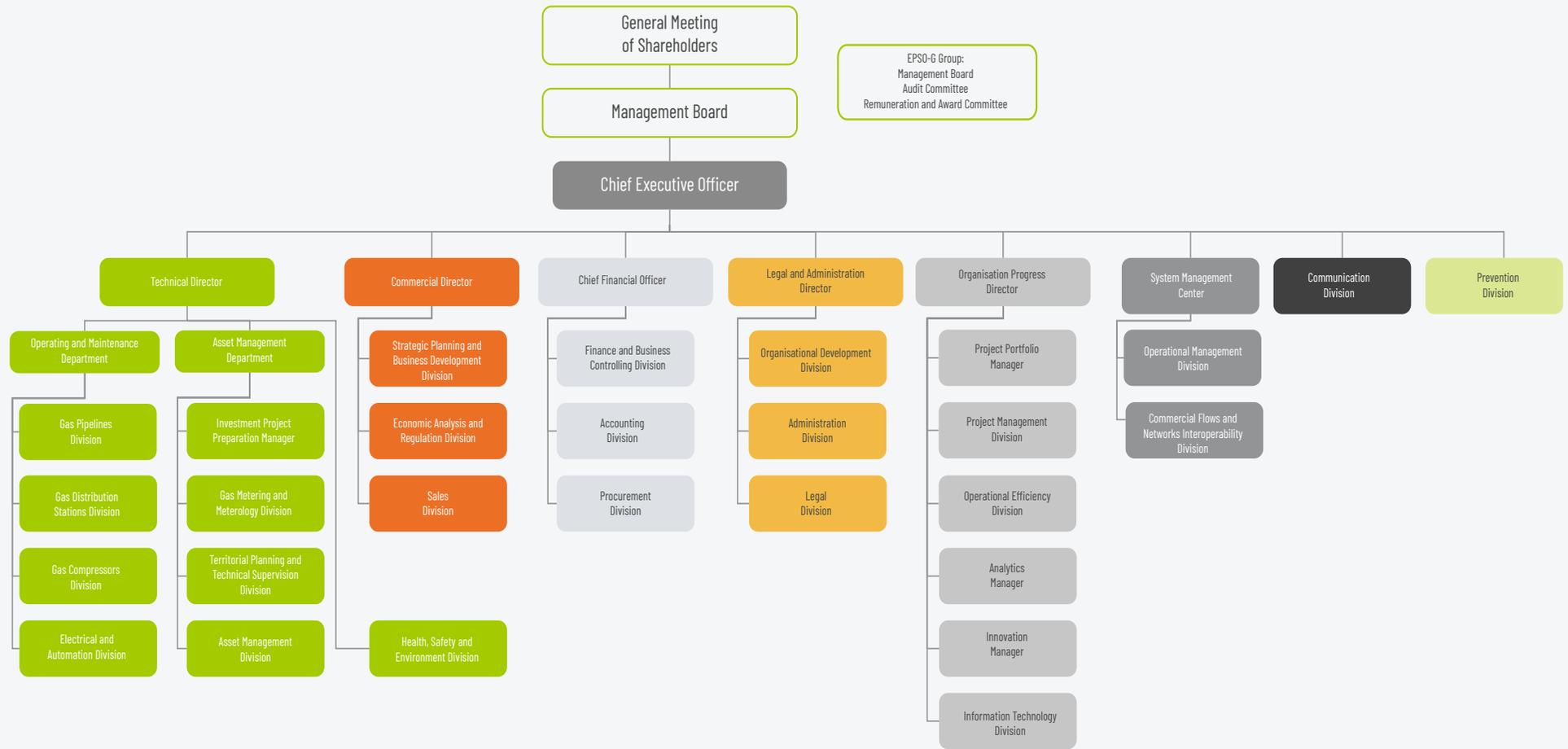


Figure 4. AB Amber Grid organisational and management structure

The CEO organizes the Company's activities, runs the Company, acts on its behalf and enters into transactions unilaterally according to the procedure established by the Board, unless provided otherwise by the Company's Articles of Association and legal acts.

More information on the Company's management bodies, the procedure for their formation, competencies and evaluation of activities is available on the Amber Grid's website section 'About Us'.

On 7 April 2020, the Board of Amber Grid, after assessing the recommendation of the UAB EPSO-G Committee on Remuneration and Appointment, submitted documents and presented information on the progress of the selection process of the CEO of AMBER Grid, conducted with the assistance of the recruitment agency AIMS International Lithuania, UAB, appointed Nemunas Biknius to the post of the Company's CEO for a 5-year term. Since 28 October 2019, until 7 April 2020, this position was temporarily held by N. Biknius, EPSO-G Strategy and Development Director.

Shareholders

Shareholder	Registered office address / legal entity code	Number of shares held by right of ownership, units
UAB EPSO-G	Gedimino pr. 20, Vilnius, Lithuania / 302826889	172,279,125
Minority shareholders		6,103,389
Total		178,382,514

Table 4. Shareholders

According to the data of 31 December 2020, the Company's shareholders were more than 2,280 natural and legal

persons – citizens of Lithuania and foreign nationals, of which the shareholder UAB EPSO-G held the controlling block of shares (96.58 %) in the Company. The rest of the Company's shares (3.42 %) are quoted on the additional trading list of NASDAQ Vilnius Stock Exchange Baltic.

The principal shareholder of the Company – UAB EPSO-G is 100 % owned by the Ministry of Energy of the Republic of Lithuania.

Membership in organisations

The Company is a member of the European Network of Transmission System Operators for Gas (ENTSOG; www.entso.org), the association 'Polish-Lithuanian Chamber of Commerce', the National Energy Association of Lithuania, Lithuanian Liquefied Natural Gas (LNG) Platform, EASEE-gas Association, the European Renewable Gas Guarantee Register (ERGaR, www.ergar.org), the European Clean Hydrogen Alliance, the Lithuanian Hydrogen Platform and the Lithuanian Hydrogen Energy Association:

- The ENTSOG was established under Regulation (EC) No 715/2009 of the European Parliament and of the Council as an organization for ensuring cooperation between gas transmission system operators at European Community level.
- The association 'Polish-Lithuanian Chamber of Commerce' is a bilateral Lithuanian-Polish economic cooperation organization. The association collects information for its members about business opportunities in both countries, cooperates with organizations and individuals ensuring business management and development, and organizes conferences and thematic events.
- The National Energy Association of Lithuania was established in 2016. The Association forms the common position of the energy sector, represents the interests of its members before public author-



ities, public and international organizations, and aims to develop and improve the conditions of Lithuanian electricity and gas supply to the country's consumers, and promote the economic and technical progress of the energy sector.

- The Lithuanian Liquefied Natural Gas (LNG) Platform (www.sgdplatforma.lt) was established in 2017. The Platform's partners aim to promote the use of LNG as a new, cleaner and quieter fuel in transport, industrial and other sectors of the economy and to create the common information and working platform for all potential LNG market participants.
- The EASEE-gas was set up to develop and promote simplified and streamlined physical gas transport and gas trading across Europe.
- The objective of the ERGaR association is to develop the transfer of guarantees of origin for gas produced from renewable energy sources between countries.
- Since August 2020, Amber Grid participates in the European Clean Hydrogen Alliance. The application of Power-to-Gas technology to extract hydrogen and transfer hydrogen to the gas network is currently under analysis.
- In November 2020, Amber Grid joined the Lithuanian Hydrogen Platform established by the Ministry of Energy to create conditions for decarbonisation of the Lithuanian energy sector and to adapt the transmission system for transportation of green gas.
- On 30 December 2020, the Company became a member of the Lithuanian Hydrogen Energy Association. The Association uniting the country's scientists and business organizations promotes the hydrogen technology development in Lithuania and seeks transparent and efficient regulation of hydrogen energy.

RISKS AND THEIR MANAGEMENT

The Company defines risk likelihood of unplanned events that may affect both negatively and positively the achievement of strategic and business goals. The Company aims at actively managing the risks to achieve the following goals:

- Increasing the attainability of the Company's business objectives and the operating efficiency;
- Preliminary planning and coordinated implementation of actions to minimise the negative impact and/or likelihood of occurrence of potential events;
- Improving the safety of employees, third parties and environment;
- Improving the prevention and management of unforeseen events;
- Build confidence of the public and the State in the Company.

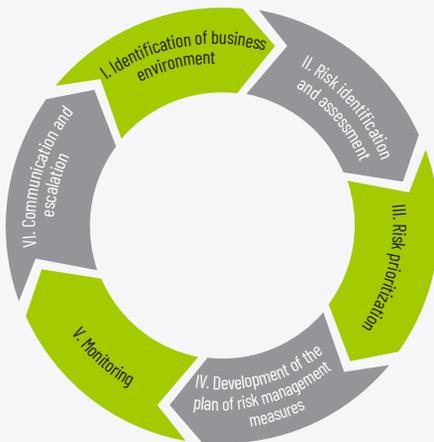


Figure 5. Key risk management processes



Risk management is understood as a structured approach to the control of uncertainties.

Risk management process group consists of these processes:

- **I. Identification of business environment.** Each year, risk owners evaluate changes of the Company's goals in the internal and external environment, organizational structure and identify new potential risks.
- **II. Risk identification and assessment.** Using historical data, expert assessment and the results of monitoring the implementation of risks and their management measures, the Company's risks are defined by identifying the sources of risks, affected areas, risk-related events, their causes, potential impact in financial terms (in euro) and risk durability. The risk type is defined and current risk management measures are described. Risk probability, impact and level values are defined, and possible risk management measures are identified taking into account risk interdependencies. Organisational units responsible for risk management units carry out the risk identification and assessment process in parallel with the ongoing EPSO-G process and provide relevant information to EPSO-G risk management and prevention unit.
- **III. Risk prioritization.** A risk prioritization session is initiated to review the risk list compiled in Process II. The risks to which the greatest attention will be paid are identified. If during this process any doubts arise about the likelihood, impact, management measures or other elements of certain risks, a repeated analysis of these risks is initiated.
- **IV. Development of the plan of risk management measures.** A plan of measures for the management of the Company's risks identified in Process III with resources necessary for the management of the risks is drawn up. The Plan is approved by the Board. The identified requirement of funds for the implementation of risk management measures is discussed when planning the next year's budget. If the amount for risk management committed in the budget prepared for approval differs from the amount provided for in the risk management plan, the Company's risk management measures plan is adjusted. The Board approves the final plan of risk management measures together with the budget. The objectives of the risk monitoring and risk management plan are linked to the annual

If the amount for risk management committed in the budget prepared for approval differs from the amount provided for in the risk management plan, the Company's risk management measures plan is adjusted.

objectives of persons responsible for risk monitoring and risk management.

- **V. Monitoring.** The implementation of risks and their management measures is subject to periodic monitoring to assess changes in the level of risks, progress in the implementation of risk management measures and their effectiveness. The results of the monitoring are regularly escalated by risk owners and persons responsible for the implementation of risk management measures to EPSO-G Risk Management and Prevention Unit and to the Company's Board. Where it is established that the value of the key risk indicator (KRI) exceeds the risk tolerance or critical value and new risks are identified with the KRI value above the risk appetite, new risk management measures are mapped and the adjusted risk management plan is approved by the Board.
- **VI. Communication and escalation.** The basis for effective risk management is continuous communication within the Company between Risk Owners, Risk Management Unit, EPSO-G Risk Management and Prevention Unit, the Company's CEO and collegial bodies. Ensuring effective communication requires that responsible persons have timely access to the relevant information.

Risk management is carried out in accordance with the international standard Enterprise Risk Management Methodology of the Committee of Sponsoring Organisations of the Treadway Commission (COSO ERM). The Company is fully integrated into the risk management policy of EPSO-G Group and applies the common risk management methodology of the group of companies. The risk management policy and risk management methodology are approved and amended by the decision of the Company's Board, and the process is coordinated by the Audit Committee of EPSO-G, which also performs the functions of the Company's Audit Committee.

The Company's risks are categorised as follows:



POLITICAL:

impact of decisions of public authorities of Lithuania and neighbouring countries on the activities of the Company and/or of a company of the Group, including energy reforms, tax policy, laws related to payment for work and/or safety and/or other, trade restrictions and political stability.



ECONOMIC:

impact of the Lithuanian and international market on the Company's activities, including the situation regarding competition between subcontractors, the direction of industrial development, changes in electricity and gas market prices, consumer concentration, interest rate changes, inflation, exchange rates, credit availability, GDP, etc.



SOCIAL:

impact of demographic changes such as age of employees, education and distribution of consumer wealth, changes in consumer habits or energy consumption on the Company's activities.



TECHNOLOGICAL: impact of equipment failures, innovations and technological changes in the market and cyber attacks on the Company's activities.



LEGAL: the risk that the Group may be prosecuted in the course of its activities according to the procedure laid down by laws for non-compliance with obligations to employees, customers and suppliers, the timeliness of the work carried out or other reasons.

Information on concentration, gas purchase price and financial risks (liquidity, credit, interest rate fluctuations) are disclosed in the Company's financial statements for 2020.

Covid-19 risk management

In 2020, new measures for business continuity and prevention measures were revised and planned:

- employees responsible for monitoring the situation and providing information were appointed;
- employees who return from risky countries were provided with a possibility to work remotely, go on vacation or obtain a certificate of incapacity for work;
- units and employees performing critical functions and administrating the main systems and their substitutes were identified;
- remote work organisation tools were used;
- information on preventive measures was distributed to employees.

Additional organisational measures were taken at the System Management Centre, technical and substitution measures were planned for the spread of virus in the System Management Centre. The Emergency Management Plan has also been revised, additional documents were prepared and measures were implemented – the lists of critical activities in business areas, lists of measures necessary to ensure the continuity of these activities, lists of resources and responsible persons, and other documents and measures.

The Company is fully integrated into the risk management policy of EPSO-G Group and applies the common risk management methodology of the group of companies

RESPONSIBILITY AND TRANSPARENCY

The Company does not tolerate in its activities any manifestations of corruption, inappropriate benefits, accepting, giving, offering, promising or demanding gifts by abusing positions held.

The Company's corruption prevention activities are based on national legislation and voluntary obligations overriding them:

- All managers of the Company are directly responsible for the implementation of anti-corruption measures and show an example for their employees;
- Proportionate anti-corruption procedures based on risk assessment are applied; they can be accessed here https://www.ambergrid.lt/lt/apie_mus/bendroveskorupcijosprevencijospolitika/abambergridantikorupcijospolitika;
- Every year, the assessment of corruption related risks, measures to reduce corruption related risks are planned and applied, the effectiveness of anti-corruption activities is monitored and, if necessary, more effective measures are implemented.

In observance of provisions of the Republic of Lithuania Law of on Prevention of Corruption, the identification and assessment of the likelihood of corruption in procurement management was carried out in the third quarter of 2020. During the assessment, risks were identified and recommendations were provided in order to make procurement management processes even more transparent. The main finding of the assessment: 'In accordance with the criteria set forth in Article 6(4) and (6) of the Law on Prevention of Corruption, after assessing the information collected and taking into account the measures / efforts taken by the Company to reduce the likelihood of corruption, it follows that the

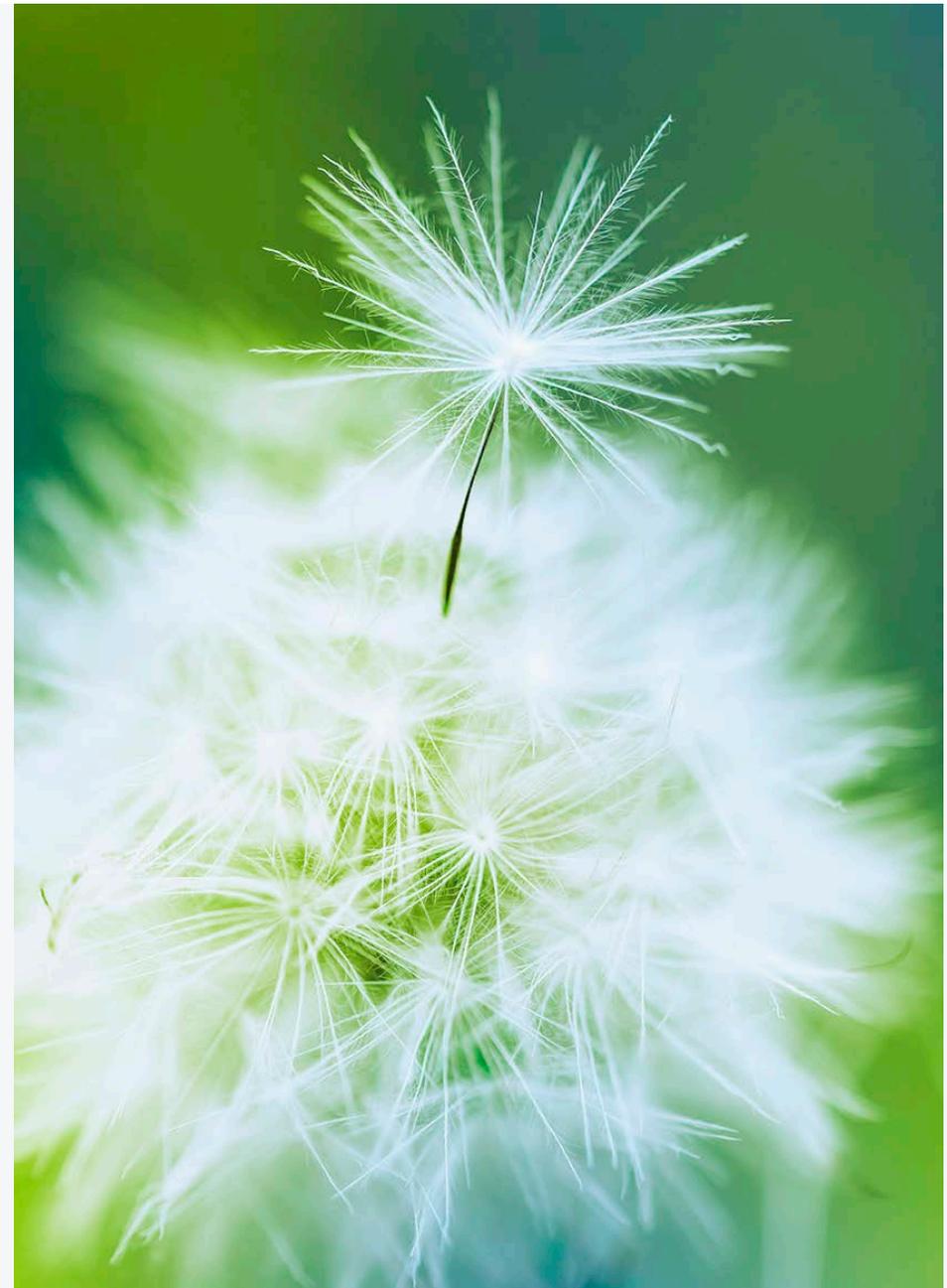
probability of corruption exists in the activities of Amber Grid and in a separate area of activities that was assessed, i.e. in the procurement management. However, the Company is currently implementing the measures to prevent corruption, and has provided for the specific actions and deadlines to for their implementation with a view to minimising the likelihood of occurrence of corruption in the procurement management area'.

In accordance with the Republic of Lithuania Law on Coordination of Public and Private Interests in Civil Service and the procedure established by the Chief Official Ethics Commission (hereinafter – the COEC) the Company's Board members, top level managers, heads of organisational units and employees of the Company participating in public procurement procedures declared their private interests in the information system of the COEC. In 2020, the Company's employees submitted 139 declarations of private interests.

In accordance with the rules for the implementation of the Company's corruption prevention policy, all employees of the Company, with the exception of workers, declared private interests to the Company by submitting declarations of private interests in the self-service information system of the Company's employees and managers.

Violations by the Company's managers and employees of legal provisions and standards of conduct, violations of economic operations and accounting, bribery, bribery, graft, trading in influence, abuse, conflicts of interest, nepotism and cronyism, violations of the requirements of transparency, equal treatment, non-discrimination, proportionality and impartiality of the procurement carried out may be reported by the trust line: by email: sauga@ambergrid.lt or by phone: +370 666 06 084; +370 5 232 7787.

In 2020, no reports / complaints were received through the trust line (in 2019 – no reports were received; in 2018 – 1 report; in 2017 – no reports).





On 16 October 2020, annual anti-corruption training / event was organized for the Company's employees on TEAMS Information Platform attended by Juozas Berenta, Chief Specialist of the Coordination and Monitoring Division of the Corruption Prevention Board of the Special Investigation Service of the Republic of Lithuania who presented the report on the topic: 'Gift Policy. Key aspects'.

The following topics were also taught / discussed during the event:

- conflicts of interest (case study) and their management;
- specifics of declaration of interests to the COEC (memos, main mistakes, supplements to changing duties, etc.).

The event was attended by 153 employees of the Company (99 employees in 2019; 45 employees in 2018; 50 employees in 2017).

The Company aims to implement in its activities the provisions of the Group's social responsibility and corruption prevention policies:

- Non-tolerance for any manifestations of corruption, favouritism of family members, relatives, friends or any other forms of trading in influence;
- Consistent and systematic implementation of the prevention of conflicts of interest between the Company and private interests;
- Ensuring that the Company's procurements are carried out transparently, in compliance with requirements of equality, non-discrimination, mutual recognition and proportionality, and that fraud, bribery or other practices that are inadmissible and restrictive of competition are not tolerated;
- Encouraging the Company's employees and other stakeholders to report, directly or anonymously, any possible violations, unethical or unfair behaviour without fearing negative consequences;
- Amending the policy of accepting / giving gifts to

eliminate the accepting / giving business gifts and to leave only restrictively applied exemptions.

In order to achieve these goals, we will:

- educate / train / advise the Company's employees on the manifestations of corruption, nepotism or other forms of trading in influence;
- carry out and monitor the declaration of private interests;
- manage conflicts of interests;
- investigate all reports on corruption and ensure the confidentiality of the whistleblowers;
- amend the procedure for accepting / giving gifts and will accept and give gifts only in very exceptional cases;
- conduct surveys of the Company's employees on the perception of corruption;
- organise annual Anti-corruption Events.

We will measure the achievement of the objectives on the basis of the following indicators:

- 0 cases – investigations / inspections of corruption by the COEC, STT and/or other institutions;
- 0 cases – where the Company's employees acted under a conflict of interests;
- Declarations of private interests of all employees who are required to declare their interests in accordance with the procedure laid down by the COEC received and checked;
- Declarations of private interests of all employees who are required to declare their interests in accordance with the procedure laid down by the Company received and checked;
- Received reports on corruption investigated and conclusions / recommendations drawn up;
- Procedure for accepting / giving gifts amended;
- Survey of the Company's employees on perception of corruption conducted;
- Anti-corruption Event organised.

In carrying out its activities and providing services, the Company complies with the requirements of Regulation (EU) 2016/679 of the European Parliament and the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter – the GDPR), the Republic of Lithuania Law on Legal Protection of Personal Data and other legal acts.

In order to ensure the security of data of employees and other natural persons, the Company carried out a detailed inventory of the personal data processed by the Company. During the inventory, personal data processed by the Company and its branches were identified, personal data processing records were prepared in accordance with the recommendations of the State Personal Data Inspectorate, the Personal data processing rules were updated, the Company's personal data processing processes and personal data processing documentation were revised.

The protection of personal data in the Company is regulated by the Personal data protection policy and the Rules for personal data processing.

The Privacy Statement prepared in the Company informs the Amber Grid website visitors what personal data are processed, for what purposes the Company processes, provides information in a clear and easily understandable language about the rights enjoyed by visitors, how to implement their rights and the procedure for examining requests, the contact details and identifies the persons responsible for examining requests. The Privacy Statement is available at https://www.ambergrid.lt/lt/apie_mus/privatumo_pranesimas.

Public procurement

Regulation

When planning and implementing procurements and purchase contracts, the Company is guided by the provisions of the Republic of Lithuania Law on Procurement Carried out by Contracting Entities in the

Spheres of Water Management, Energy, Transport or Mail Services (hereinafter – the Law), other legal acts regulating procurement and applicable to the Company, or good commercial practice in the cases of certain procurements to which the Law does not apply.

The Company is implementing projects of regional and national significance. These projects require large investments. Their success depends on the understanding, trust and support of shareholders, partners, controlling and regulating authorities and Lithuanian people. Therefore, in its activities, the Company devotes great attention to the supervision and prevention of corruption of public procurement processes. Companies apply effective measures to ensure that purchases are carried out transparently, with due regard to requirements of equality, non-discrimination, mutual recognition and proportionality, and does not tolerate fraud, bribery or other unauthorised, restrictive practices. Information about the annual procurement plans, their implementation and responsible persons is posted on the Company's website. In order to ensure fair competition, the Company and other companies of EPSO-G Group intend to present information for potential suppliers on the projects to be implemented and planned works to be tendered out. Such meetings will be held in 2021.

Corruption prevention

Companies of EPSO-G Group do not tolerate corruption, favouritism of family members, relatives, friends or any other form of trading in influence, and consistently and systematically implement prevention of corporate and private conflicts of interests. Group companies encourage employees and other stakeholders to report, directly or anonymously, possible infringements, unethical or unfair behaviour by a trust line without fearing negative consequences.

Internal processes

The planning and implementation of procurement in the Company are regulated by approved processes and do-



uments, procurements are planned and the Procurement Summary is published according to the procedure established by the Law. Normally, procurements in the Company are conducted by procurement commissions, and low-value procurements - by procurement organizers appointed by the order of the CEO. Multi-level controls are ensured in decision-making.

Transparency

All persons participating in the Company's procurements, as well as those who may have direct or indirect influence over them, have signed declarations of

impartiality and confidentiality pledges. The Company makes publishes purchase contracts concluded in accordance with the procedure established by the Law. The Company also prepares and provides to the Public Procurement Office:

- Reports on procurement procedures for each completed procurement;
- Reports on public procurement contracts, purchase contracts and internal transactions for all procurements conducted during the calendar year.

EMPLOYEES

The strength and core assets of Amber Grid are experienced and competent employees who implement projects of strategic importance to the state and create the future of energy. The Company aims at creating and fostering an organisational culture that promotes employee engagement and progress. The aim is to make the Company's employees proud of working with an advanced organisation, to facilitate self-development of employees in their professional field, to reconcile professional and family responsibilities, and to promote tolerance for individual differences.

On 31 December 2020, the Company had 319 employees (on 31 December 2019 – 316 employees). The distribution of employees by groups of posts is presented Table 5.

POSITION GROUPS	Number of the employees as of 31 December 2020	Number of the employees as of 31 December 2019
CEO	1	1
Top-level management	5	3
Middle-level management	32	28
Specialists	181	178
Workers	100	106
All staff	319	316

Table 5. Employee structure by category

The Company employs staff of different educational background. Employee structure by educational background is presented in Table 6.

EDUCATION	Number of employees as of 31 December 2020	Number of employees as of 31 December 2019
Higher	202	193
Post-secondary	44	46
Secondary and vocational	73	77

Table 6. Employee structure by educational background

In 2020, the staff turnover rate was 10.7 %, by 3.2 % lower than in 2019 (13.9%).

In 2020, the average age of staff is 44.8 years (female – 43.2 years, male – 45.2 years). The breakdown of employees by age is shown in Chart 1.

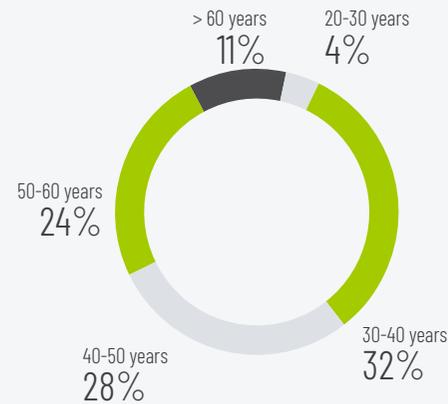


Chart 1. Age distribution of employees

¹The specified staff number does not include employees on parental leave.

The majority of the Company's employees are men. This is strongly influenced by the specific nature of the activities carried out: women are less likely to choose the technological work carried out under technical engineering and field conditions and the specialities directly related to them. Detailed information on gender breakdown by position grade is given in Table 7.

Position grade	Gender	Number of employees as of 31 December 2020	Number of employees as of 31 December 2019
All Company	Male	254	250
	Female	65	66
Top-level managers	Male	5	4
	Female	1	0
Middle-level managers	Male	22	19
	Female	10	9
Specialists	Male	129	123
	Female	52	55
Workers	Male	98	104
	Female	2	2

Table 7. Breakdown of staff by gender and position

Employee engagement

At Amber Grid, we aim to build and maintain an engaged and progressive team. To achieve these goals, we carry out an employee engagement study every year to help assess the areas of corporate governance, organisation of activities and working with people that influence staff motivation and engagement, and, based on the results of the study, implement targeted actions to strengthen employee engagement. The Company's target is a 65 % overall level of employee engagement.

In 2020, the engagement survey covered 95 % of staff members who expressed their views, up as much as 12% from the 2019 survey (in 2019, employee activity was 83 %). The survey of 2019 showed that most of the Company's employees have a positive view of the available resources, a defined and promising direction, and most feel respected, acknowledged, empowered to act. The results of the survey also provided useful insights into areas for improvement and led to measures to increase employee engagement and motivation. In 2020, each organisational unit of the Company discussed the results of the engagement survey, developed and implemented plans to strengthen the engagement of its employees. To this end, the foundations of organisational culture were also revised in 2020, identifying the most important cultural and behavioural aspects that the Company aims to develop and foster and a plan for cultural change was drawn up and implemented. The new organizational culture is about simplicity of

processes and procedures, a responsible attitude to work and cooperation and aims to develop open, educated and creative employees of the Company. In terms of results of the repeated employee engagement survey, the overall result of employee engagement is in line with the target employee engagement level set by the Company. Accordingly, the Company will endeavour to maintain employee engagement at the same level by continuing to strengthen the organisational culture. Employee satisfaction in the various areas of the organisation will also be measured in order to initiate and implement the necessary changes faster and more purposefully.

Remuneration system

The Company strives to attract, retain and motivate competent professionals in their field who adhere to the Company's values at work and achieve the set goals.

Therefore, the remuneration of all the employees of Amber Grid is comprised of two components - fixed and variable. The fixed component of the remuneration depends on the level of responsibility for the job position determined according to the methodology applied in international practice. The variable component of the remuneration is not a bonus and is paid when the goals of the Company and the individual goals that have been agreed during the annual performance development meeting are implemented, and the employee demonstrates behaviour based on the Company's values. In exceptional cases, by the decision of the Company's CEO coordinated with the Board of the Company, the employee may receive a one-time incentive payment for the performance of exceptional significance not provided for in the employee's annual goals.

Amber Grid reports to the shareholder for the achievement of the Company's annual goals.

Average monthly wage by employee groups in 2019-2020 is presented in Table 8.

Position groups	Average monthly wage, EUR (gross), 2020	Average monthly wage, EUR (gross), 2019
CEO	9.755	13.890
Top-level managers	6.853	7.255
Middle-level managers	4.068	4.127
Experts-specialists	2.299	2.151
Workers	1.362	1.217
Average	2.204	2.047

Table 8. Average monthly wage by employee groups in 2019-2020

Cooperation with the trade union

At the constituent meeting of 23 June 2017, the trade union of Amber Grid was established by 113 employees of the Company. At the end of 2020, the trade union hosted 186 members, 8 members represented the employees in the council. The purpose of the trade union is to represent and defend the professional, labour, economic and social rights and legitimate interests of its members. Meetings of the trade union's representatives and the Company's management are periodically organized. During the meetings the matters of relevance to the trade union are discussed.

The Company supports the joining of employees into voluntary trade unions, maintains close cooperation with them and develops constructive social dialogue. In 2020, the Company actively collaborated with representatives of the trade union council, jointly implemented initiatives and shared information:

- The labour dispute commission has been established comprising 3 representatives of the trade



union council and 3 employees of the Company. Of the 2 staff applications received in 2020, 1 has been fully investigated and 1 application has not been considered as no longer relevant;

- Principles for granting material support under the collective agreement to support workers in the event of accidents and diseases have been developed. In 2020, of the 3 applications received, all 3 applications were fully or partially granted;
- The new standard employment contract provisions have been aligned, a new type of employment contract has been drawn up and signed with

employees to achieve the objective of unifying the main provisions of the employment contract for all workers;

- The implementation and application of the collective agreement during a pandemic has been considered together with the members of the union council;
- For greater clarity and transparency in the area of remuneration, the members of the trade union council were presented in detail with the Company's job position grades, pay ranges and actual distribution of wages therein.

Collective agreement and added value

The Company supports the cultural, sporting and tourist activities of the employees' team, various festive events and other social activities in which all employees of the Company are entitled to participate without discrimination and restrictions. The collective agreement stipulates employment, remuneration, social, economic and professional conditions and guarantees that are not regulated by laws or other regulatory acts. Additional financial guarantees apply to the employees (benefits in cases of accidents, illness, death of relatives, childbirth support, support for raising three or more children or a disabled child), additional leave days (on the occasion of the childbirth, death of a close relative and in other cases) and other guarantees. In observance of amendments to the Republic of Lithuania Law on Personal Income Tax, to the Law of the Republic of Lithuania on State Social Insurance, the Republic of Lithuania Law on the State Social Insurance, the Republic of Lithuania Law on Sickness and Maternity Social Insurance, that became effective on 1 January 2019, in 2019, an arrangement to amend the collective agreement was signed. By this arrangement, the financial benefits under the collective agreement, on which an employee pays a personal income tax, after the tax reform were increased by the coefficient of 1.289 established by laws in order to keep the actual amount of the agreed benefits received by the employees unchanged as a result of the tax reform.

Teleworking opportunity

The Company encourages the employees of the Company, whose nature of activity and technical conditions allow to do so, to take advantage of teleworking opportunity and, when necessary, to perform the functions assigned to them applying this form of work organization.

During Covid-19 pandemic in 2020, since March, the

Company has organised work remotely for all workers who can work remotely according to the specifics of their work. This form of work organisation was regularly used by about a third of workers in 2020. The Company has given employees the opportunity to take home the necessary furniture and computer equipment to make their work from home as convenient as possible.

Competence development

Given the constantly changing external environment and the operational objectives set, we pay close attention to the development of workers. In order to create an efficient, competent, advanced leadership organisation in which activities are based on common values, the Company identifies strategic skills and competences of employees in its competence management policy – competencies that have the greatest impact on the success of the organisation, implementation of strategic goals and development of leadership. The Company aims at becoming the future energy expertise centre shaping future energy trends, legislation and business

model. The target set by the Company is to have recognised new gas experts who share their expertise and deliver reports annually on this topic at least at two conferences organised in Lithuania or internationally.

In 2020, the Company revised the training organisation procedure and approved a new concept and description of procedure for the organisation in a constant state of learning. The new concept focuses on developing common and managerial competences, with a clearer link between training and strategic objectives, and more flexible and diversified learning pathways.

In 2020, various initiatives were implemented in the field of employee training:

- the continuous training programme for managers at all levels, during which managers have developed theoretical and practical leadership skills;
- internal training during which employees share knowledge with colleagues;
- the initiative to enable employees to become more familiar with the activities of other organisational units and the Company, during which employees

from different organisational units presented their activities;

- the cycle of short informal workshops, during which various lecturers and external guests shared their insights and experiences;
- strategic computer team games aimed at strengthening collaboration and teamwork skills.

The aim will continue training managers at all levels, developing the programme of internal lecturers, looking for alternative learning methods and applying them in practice. The Company will also continue to provide employees with the opportunity to participate in various seminars, conferences where employees improve the skills they need for their work, familiarise themselves with developments in their field and good practices of other companies.

The Company carries out its main activities in a regulated energy environment, where there are clear requirements for the vocational training and certification of employees for the performance of basic and additional functions. Taking into account legal regulation, the Company organises vocational and other compulsory training for employees and certification of energy workers.

Training in the Company focuses on the quality of training. As a result, training programmes and training materials for energy workers are regularly reviewed and updated.

During the pandemic in 2020, the Company quickly switched to providing vocational and other distance training. The Company has revised the process of vocational training of employees, optimized and developed a modular training programme to train employees operating natural gas transmission system facilities and their equipment and coordinated this programme with the State Energy Regulatory Council.

The Company ensures timely organisation of compulsory training (fire safety, civil protection, first aid), and that not only theoretical knowledge, but also practical skills are acquired by the employees participating in



training. In 2020, training on the use of defibrillators was organised for volunteer workers. In order to maintain the high level preparedness of employees for emergency response, the Company periodically organises fire and accident response exercises.

The Company ensures timely organisation of compulsory training (fire safety, civil protection, first aid), and that not only theoretical knowledge, but also practical skills are acquired by the employees participating in training. For this purpose, the Company periodically organises different types of exercise involving all employees of the Company.

For the development of professional competences of the employees, the Company organises additional safety, technical and environmental training (work with chemicals, use and testing of elevating tools, use of fall from height protection equipment, raising environmental awareness among the employees).

Employee succession

Taking into account the specificity of the Company's activities and the specific skills acquired by employees

over a long period of time, in 2019 the Company assessed the need to strengthen the development of the succession team. To this end, in 2019-2020, the Company carried out the review of positions, identified critical positions that needed the development of succession staff, drew up and implemented plans for the development of succession for critical positions and managers. In 2021, the Company will continue the work towards development of the necessary competences internally so as to ensure a full-fledged succession of employees and the business continuity, if necessary.

Staff selections and career

In 2019, the selection policy was approved by the Company. The policy establishes common principles and practice for the selection of employees, that facilitates transparent selection of the best candidates with the required qualifications, skills, experience and who meet the Company's values and would effectively contribute to the achievement of the Company's objectives.

The Company applies high standards of value, profes-

Seq. No	Type of training	Number of training participants	Number of employees participating in training	% of employees participating in training in the total staff number*
1	Vocational training	187	113	35,5
2	Certification of energy workers	216	130	40,9
3	Compulsory training	331	246	77,4
4	Technical training	78	51	16
5	Special training	110	96	30,2
6	General training	1285	170	53,5

*Percentage calculated on the average annual staff number (in 2020 - 318)

Table 9. Number of employees participating in training



sionalism and impeccable reputation to employees of all levels, and also standards of excellent leadership abilities to managerial staff. A combination of competence, leadership and professional knowledge of the employees and managerial staff creates prerequisites for the development of the creating and advanced Company open to innovation and changes.

In 2020, the Company, together with other EPSO-G Group companies extended the career opportunities for their employees by agreeing on common principles to enable all employees to participate in the selection process for the Group companies. Success stories in 2020 - two employees of the Company moved selectively to work for another company of the Group and 2 employees - from the company of the Group to the Company. Other internal career indicators of the Company are presented in Table 10.

Change in position group	Number of employees in 2020	Number of employees in 2019
Managers - managers	1	2
Specialists - managers	7	2
Specialists - specialists	14	15
Workers - specialists	2	2
Workers - workers	0	1

Table 10. Employee internal career indicators

On-boarding

The process of on-boarding of new employees in the Company is implemented according to the common practice. An on-boarding plan is drawn up for new employees, the employees are acquainted with the staff of the organisational units of the Company, activities, procedures and working principles applied in the Company. The aim of the programme is to help new

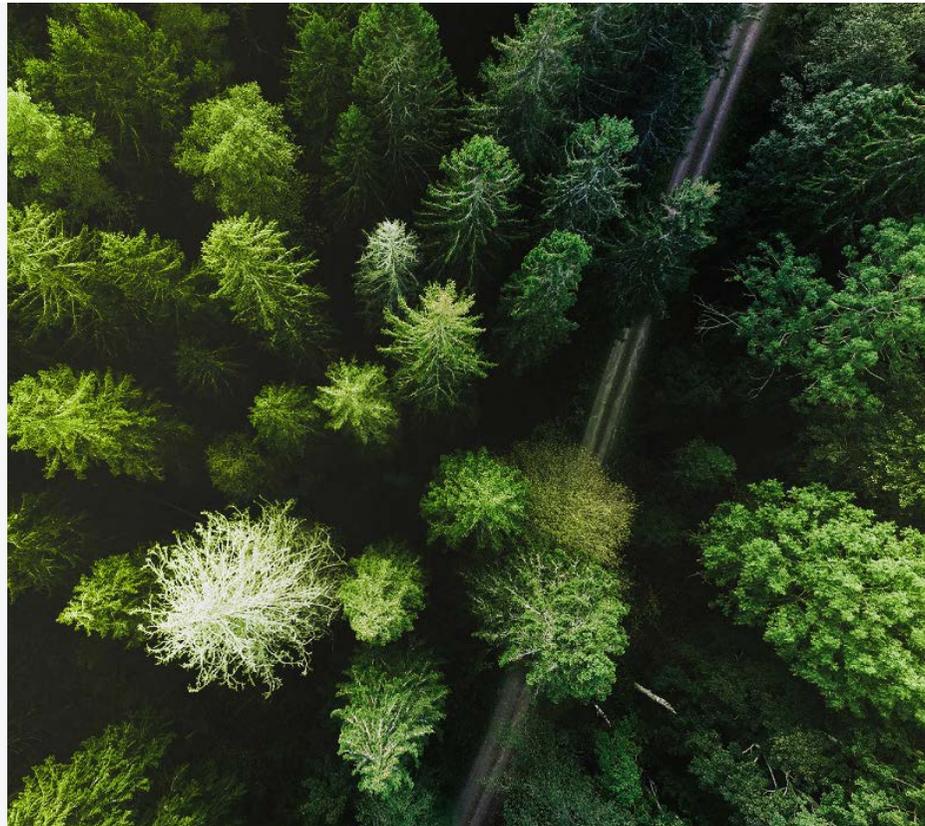
employees get acquainted with the Company's corporate culture more quickly, integrate into the team, understand the principles of work and start creating value for the Company.

Employee performance review system

The employee performance review is one of the most important methods of governance and effective management that facilitates in reaching the corporate goals, creating positive relations between managers and their subordinates, planning careers and increasing motivation of employees.

The annual interview is a tool for the management of the employee performance which ensures the system of defining individual goals of employees, their evaluation and accountability linked to the values and the system of remuneration, which helps create an advanced, results-oriented corporate culture. The Company aims to set individual goals for each employee linked to the strategy, which they would achieve based on the Company's values – the professionalism, cooperation and progress. The goals must be measurable, specific, time-definite, achievable and motivating. The annual interview helps assess how the goals set for the employee were achieved and set the new goals, develops the feedback culture between the manager and the subordinate. During the interview, the opportunities of the development of employee competences, learning and career are also discussed. All specialists and managers of the Company participate in the annual interview process.

The workers' category employees of the Company who do not participate in the personal annual interview due to the specificity of their work are evaluated according to established performance indicators and receive a monthly feedback.



In 2020 no discrimination or other incidents involving violations of human rights have been established in the Company.

Human rights protection and equal opportunities

The Company relies on the Descriptions of Ethical Employment and Equal Opportunities Policies approved in 2017, which emphasize that all forms of discrimination are strictly prohibited (International Labour Organization Conventions No 100 and No 111). The Company ensures equal rights for all employees, and does not tolerate discrimination in employment, salary, training, career, termination of employment relations or retirement, and in other areas for the employees race, nationality, gender, sexual orientation, age, political affinities, as well as for other aspects which could lead to discrimination, it does not tolerate any threatening, harassing or exploiting behaviour of the employees.

The employees who might have been experiences unlawful acts may lodge a complaint with the responsible person appointed by the Company. The employee, who is dissatisfied with the outcome of the examined complaint, has the right to defend his infringed right in accordance with the procedure established by legal acts. Any employee who saw and/or has a suspicion of, and/or was a witness of discrimination, abuse or sexual harassment shall notify thereof his (her) line manager or a responsible person appointed by the Company. The Company ensures confidentiality in the handling of complaints, and all employees and the Company, accordingly, must keep confidential any information obtained during the investigation of the infringement. The breach of this provision is considered to constitute a serious violation of labour discipline.

In 2020 (as well as in 2017-2019), no discrimination or other incidents involving violations of human rights have been established in the Company. According to the results of the employee engagement survey conducted in 2020, 91 % (in 2019 – 87 %) of the employees covered by the survey were positive about the statement that the Company does not discriminate the employees on the grounds of gender, race, religion, age, nationality, etc.

ENVIRONMENTAL PROTECTION AND OCCUPATIONAL SAFETY

Environmental protection is one of the priority areas of Amber Grid's social responsibility activities, which receive full attention. The Company's principles and commitments regarding environmental protection and occupational safety and health are set out in the Description of the policy on the environmental protection and occupational safety and health. The principles set out in the Description aim to minimise the negative environmental impact of the Company's activities as effectively as possible and to ensure the occupational safety and health. The established principles of prevention, security and environmental sustainability must be respected by all stakeholders and groups involved in Amber Grid's business process.

Management system

The environmental management system implemented in the Company since 2014 complies with the international standard ISO 14001, and the occupational safety and health management system implemented since 2016 – with OHSAS 1801 standard.

In 2019, the management system of the Company was recertified according to ISO 14001 standard and certified according to the new occupational health and safety management system standard ISO 45001. The environmental protection and occupational safety and health management system is integrated into all operational planning, organization and management processes of Amber Grid.

For the purposes of successful management, the Company has in place the clearly defined responsibilities for the coordination and implementation parts of the management process. The implementation of management measures is

ensured through their integration them into the annual objectives of the Company and responsible staff members.

Taking into account the developing conditions of the economic, social and natural environment, changing external and internal factors that influence the Company's activities, the Company has committed to ensuring continuous improvement and higher efficiency of the environmental protection and occupational safety and health management processes, and to lead the management process in accordance with the acceptable standards.

In 2020, the Company started identifying all possible sources of greenhouse gas (GHG) emissions in its activities in order to contribute to climate change mitigation on its own initiative. An internal working group has been set up and has started to implement the plan of measures to reduce GHG emissions.

The following objectives were set for the reduction of environmental impacts in 2020 (Table 11).

In 2020, compared with 2019, we saved more than twice more gas using the mobile compressor.

In 2020, the repumped quantity was 2.03 million m³ and saved quality was ~1.99 million m³ (in 2019 – 0.82 million m³ and 0.73 million m³, respectively).

The increase in savings was due to a significant increase in the amount of repairs to the gas transmission system in 2020. Amber Grid's specialists make continuous efforts to assess and calculate the necessity of using the mobile compressor during repairs. The experience of specialists in operating this tool is constantly growing and this will help us plan our work even more effectively in the future.

Waste management

Organisational units of the Company are provided with special waste bins for sorting household waste, as well as special containers for disposing of small electrical and

Seq. No	Environmental protection aspect/safety risk factor	Objective/task	Indicator (KPI)		
			Unit of measure	Target	Implemented
1	Technological emissions of natural gas into the air	To reduce natural gas emissions into the air using mobile gas compressor	cubic m	500.0 thousand	Reduced by 2,037,837 thousand
2	Technological emissions of natural gas into the air	Reduce GDS emissions into the air by releasing gas to distribution system	cubic m	150	Reduced by 173
3	Emissions into the atmosphere from stationary sources of air pollution of fuel burning facilities (boilers) / technological emissions of natural gas into the air	Draw up a plan for reducing the environmental impact of greenhouse gases	Plan	100 %	100 %
4	Emissions into the atmosphere from stationary sources of air pollution of fuel burning facilities (boilers)	1. Shutdown of GDS boiler-houses during summer season: Šalčininkų GDS, Jašiūnų GDS, A. Panerių -1,-2 GDS, Širvintų GDS, Batniavos GDS, Butrimonių GDS, Lekėčių GDS, Šakių GDS, Visagino GDS. 2. Dismantling of Kauno-2 GDS gas boiler.	CO ₂ amount not emitted	To reduce by 10%	Reduced by 10%
			Number of dismantled gas boilers	1 unit	1 unit, Kaunas-2 GDS
5	Use of chemicals and preparations during operation works	Odorant container dismantling in Kaunas-2 GDS in order to reduce soil pollution	Dismantled containers	1 unit	1 unit, Kaunas-2 GDS

Table 11. Objectives and results of minimising environmental impact

electronic equipment and batteries that are no longer in use. Industrial waste water is treated in the Company's treatment plants and oil product trackers were installed. For safe management and recovery of waste generated

in manufacturing activities, agreements are concluded with specialised enterprises. About 19.6 tons of hazardous waste was transferred to waste managers in 2020 (19.1 tons in 2019), about 45.7 tons of non-hazardous

waste (16.29.6 tons in 2019), paper, plastic and glass waste about 2.5 tons (1 tons in 2019). Compared with 2019, in 2020 more works of repair and reconstruction of the gas system were carried out leading to generation of larger quantities of hazardous waste and plastic.

The Company's employees are taking initiatives themselves: in 2021, the initiative of waste-free offices is launched to reduce the use of waste bags and encourage workers to move more and dispose sorted waste to special dustbins.

Transport system

The Company aims to manage its transport system effectively. Employees are encouraged to use shared cars, public transport, taxi services, cooperate and travel, where possible, not alone. During quarantine, in order to avoid infection and to maintain the recommended distance 10 additional reserve cars were provided for travels of employees to the facilities.

The Company's car fleet consists of 116 operated cars and 44 special vehicles (trucks, machinery, trailers). In 2020, the Company used two types of fuel for cars, diesel and petrol. The amount of consumed petrol was 48.1 thousand litres and of diesel fuel – 239.3 thousand litres.

The Company encourages the employees to organise meetings with other companies and organisational units by means of videoconferencing in order to reduce transport costs and minimise environmental pollution with gas emissions.

Saving paper

In order to reduce paper usage, to achieve higher efficiency of document management processes and costs, the Company has installed and operates the electronic document management system where all documents are managed and archived electronically. This measure allows the Com-

pany to significantly reduce paper usage. In 2020, the Company continued to transfer documents to the electronic environment, eliminating paper documents to a maximum possible extent, actively using digital signature and urging its customers, suppliers and partners to do so. During 2020, the Company revised more than 645 documentary files, replaced about 141 paper files by electronic files, analysed the processes with the highest use of paper documents, and digitised part of legal acts on operational matters (individual and regulatory legal acts) – the documents that make up the largest share of paper documents. In addition, the Company decided, from 16 March 2020, to encourage signing procurement contracts (for goods, services or works) only by qualified electronic signature in the Company – consequently, slightly more than 90 % of the concluded contracts were accompanied by e-signature.

Public involvement in the environmental protection

When planning new economic activities or modernization, the Company assesses their potential environmental impact and provides for possible measures to reduce pollution already in early stages of the project. Environmental impact assessment procedures enable the public to get acquainted with planned economic activities and emission reduction measures as early as possible and to submit their observations and proposals. The Company is actively taking care of the environment and public wellbeing, is open to providing information to the institutions, public organisations and citizens concerned, and has paid great attention to strengthening ties with communities for a number of years.

Mitigation of climate change

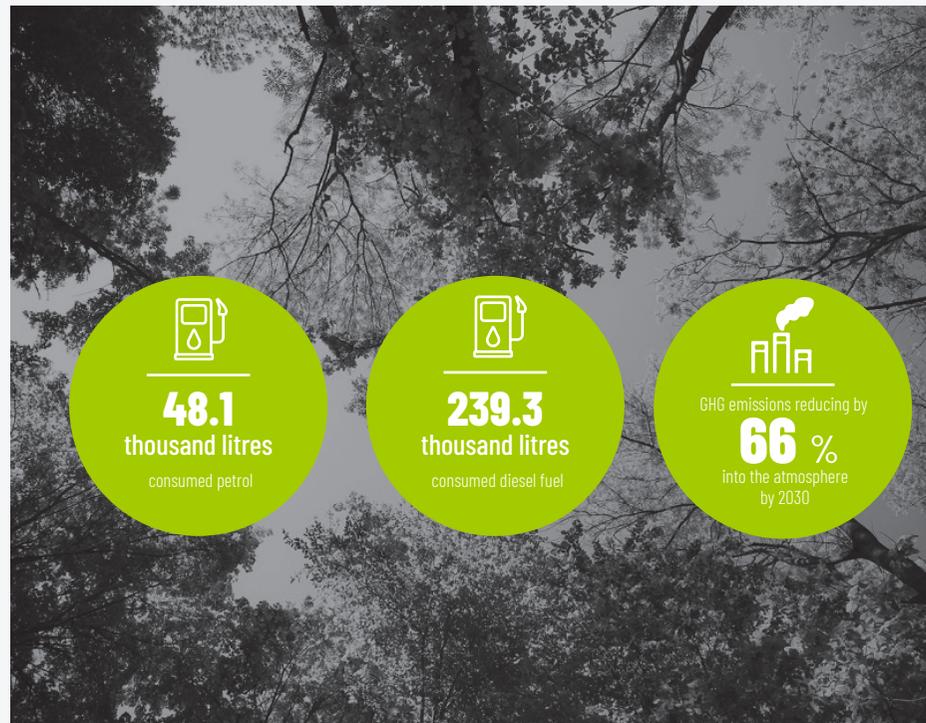
According to the Strategy 2021-2030 approved by the Board of Amber Grid the Company envisages reducing by 66 % GHG emissions into the atmosphere by 2030.

In order to meet the environmental objectives, the environmental impact assessment audit is planned in 2021 to identify all possible environmental protection aspects and in observance of the audit findings to develop the monitoring methodology and environmental protection measures for the next period until 2030.

Occupational safety

2020 was the year of the fight against the pandemic, when the Company has taken all possible steps to protect the employees from the risk of possible infection with COVID-19. At the beginning of COVID-19 pandemic, the Company created conditions to organise work remotely for employees whose nature of work allowed them to do so: employees were provided with laptops, additional monitors for more convenient work, and could, if necessary, take home necessary pieces of furniture (work chairs, tables) from the workstations organized in the Company. The Company has been particularly flexible about the needs of employees with small children, adjusting to organise work remotely. For example, work meetings were organised after children's lessons, and the facilities were visited by staff members who did not have to look after children, etc. Workers whose work is related to ensuring continuous operation of the natural gas transmission system have been permanently provided with personal protective equipment and disinfectants. In order to ensure the occupational safety, employees who had to visit facilities could only travel to the facilities two in one car. In order to ensure minimum contacts between staff members they were allowed to keep production and service transport used for travelling to worksites near their homes.

In October 2020, the Company organized tests to identify COVID-19 antibodies for all employees who wanted to



be tested. This opportunity was used by 195 employees. In addition to all necessary protection measures, smart contactless thermometers were installed near the main entrances to the Company's offices to measure the body temperature of employees and to remind them of the correct wearing of facial masks.

Due to preventive and safety measures, the Company managed to avoid infection throughout the pandemic until the second half of November; later the clear situation control algorithm facilitated in preventing the spread of coronavirus inside the Company.

In 2020, the Company completed the occupational risk assessment for all positions and jobs, which covered physical, chemical, biological, ergonomic, psychosocial factors. The results of the occupational risk assessment were presented to all employees.

To ensure social cooperation and partnership on environmental protection and occupational safety and health matters, all employees of the Company are constantly informed and educated organising different types of events, disseminating information material and providing internal training.

Since 2018, the Incident Prevention Committee established in the Company has been successfully operating. In 2019 and 2020, 63 and 30 existing and potential risks were eliminated, respectively. The Incident Prevention Committee also provides for preventive measures for risk management and controls their implementation.

Occupational health

The Company is concerned about the health of employees, which is why healthy and active lifestyle is contin-

uously promoted, mandatory preventive health checks and preventive vaccination of employees are organised. In 2020, 233 employee health examinations were carried out (172 in 2018); 52 employees were vaccinated against tick encephalitis (72 in 2019) and 141 employees – against influenza (122 in 2019).

The Company regularly organises first aid training, preventive health screening of employees, vaccination against tick encephalitis and flu. Employees are provided with general memos on balanced diet, correct sitting posture, working activities, special mobility exercises and measures to promote physical activity.

In 2020, all employees of the Company started to benefit from health insurance. Health insurance is the insurance of employees with the Company's funds, which enables insured employees to receive faster and more convenient health care services – treatment at selected public or

private health care institutions, visit doctors, make various tests, buy medicines, and use other health improvement services.

Given the feeling of uncertainty and insecurity experienced by employees during COVID-19 pandemic, the Company provided access to the telephone psychological assistance service provided by the professional psychologist and available to all employees of the Company.

In 2020, in order to enhance well-being of employees and encourage them to take regular breaks during work, the organisational units of the principal business of the Company in Vilnius and Panevėžys have been equipped with active and quiet rest zones available to all employees of the Company. In active recreational areas, employees can loosen up, play table tennis or table football games, and have informal conversations with colleagues. Quiet rest areas are designed to relax, stay in a serene and quiet environment.



MARKET, CUSTOMERS

Amber Grid provides natural gas transmission services to system users, other operators and gas market participants in the territory of Lithuania: transmits gas to Lithuanian customers, and also transports natural gas to Latvia and Kaliningrad region of the Russian Federation. Gas is delivered to the system through the LNG terminal in Klaipėda and gas inlet points from Belarus and Latvia.

The EU Project of common interest GIPL, implemented by Amber Grid together with the Polish gas transmission system operator GAZ-SYSTEM S.A., will connect the Baltic and Finnish gas markets with the EU natural gas market and increase future access to new sources of gas supply.

Besides, Amber Grid is responsible for balancing of gas flows in the transmission system and administration of the LNG terminal, its infrastructure, connection installation and funds to compensate for the fixed operating costs and reasonable costs of the required supply of liquefied natural gas by the designated supplier. The Company is actively working with its partners to create conditions for the efficient functioning of the natural gas market, to increase the competitiveness and liquidity of the gas market, and to ensure attractive conditions for customers to operate on the natural gas market.

From 1 June 2019, Amber Grid maintains the national register of guarantees of origin for gas produced from renewable energy sources (hereinafter – RES), i.e. provides the functions of issuing, transferring and revoking guarantees of origin, supervision and control of the use of guarantees of origin and recognition of guarantees of origin issued in other countries in Lithuania. Green gas is produced from biomass and other RES. The guarantee of origin is granted per unit of energy – one megawatt hour (MWh) supplied to the gas transmission and distribution network. The system of guarantees of origin allows identifying, recording and monitoring the origin of produced biogas, and consumers of this fuel can be assured that the gas they consume is produced using renewable energy sources.

Regional gas market

On 1 July 2017, Amber Grid, together with the Latvian and Estonian transmission system operators, started using the implicit capacity allocation model at cross-border interconnection points in the Baltic States allocating a part of the day-ahead ordered capacity through the GET Baltic gas exchange. From 1 July 2018, this method was also extended to within-day capacities. It is a transitional Baltic gas integration measure aimed at increasing the competitiveness of gas markets and promoting cross-border trade in gas. The regional gas market is expected to evolve gradually.

Since 2020, the common gas market zone has been created by Latvia and Estonia, which together with Finland formed the common tariff zone – from 2020, a zero transmission price is applied to the link with Finland and unified transmission prices for access to the tariff zone.

Although Lithuania supports the idea of establishing a common regional gas market, the terms of such agreement do not guarantee Lithuania's interests, as it would impose an unjustified additional financial burden on domestic consumers if Lithuania joins the agreement. As a result, negotiations are continuing with Latvian, Estonian and Finnish operators on the terms under which Lithuania would join the zone. The aim is to create a common market on reasonable terms for all sides, including Lithuanian residents and businesses. Lithuania expects to join the common tariff area at a later stage, likely by 2023. The Baltic States and Finland will continue to coordinate their positions on further market integration with a view to developing a mutually acceptable model of cooperation between operators.

The results of the survey conducted in 2020 on the integration of the natural gas market in Lithuania, Latvia, Estonia and Finland revealed economic benefits for each of the countries in the region, where the Lithuanian market would be integrated together with the Latvian, Estonian and Finnish gas market. On the basis of the survey results, the analysis of alternatives for a possible Inter-TSO Compensation (ITC) mechanism has been launched since November 2020. More detailed information is provided in section 'Regulation of the gas transmission system operator's service prices'.

Market for guarantees of origin for green gas

With the recent growing demand for gas from renewable energy sources (RES) or so-called green gas in Europe, this type of renewable energy is also finding its way in Lithuania. The development of green gas would bring Lithuania closer to the objective pursued to reduce impact on climate change and to become a country of green energy. The Company supports and contributes to the promotion of green energy development.

From 1 June 2019, the Company administers the National Register of Guarantees of Origin for gas produced from RES, i.e. performs the functions of issuing, transferring and cancelling guarantees of origin, supervision and control of the use of guarantees of origin and recognition of guarantees of origin issued in other states in Lithuania.

The system of guarantees of origin allows the origin of the raw gas produced to be identified, registered and monitored, and the consumers of this energy can be guaranteed that the gas they use is produced using renewable energy sources. This system is useful for companies that wish to use in their activities environmentally friendly fuel produced in Lithuania or another Member State of the European Union.

In creating conditions for the development of green gas in Lithuania, in September the Company joined the international association that develops the European system of cross-order exchange guarantees for origin for green gas – ERGaR (European Renewable Gas Registry). The Company also participates in the EU-funded project 'Regatrace' aimed at developing the European trading system of guarantees of origin for biomethane and other renewable gas, and to promote the development of their production and market.

Since August 2020, the Company has participated in the regional Green Gas Coordination Group. This group consists of transmission system operators from Finland, Estonia, Latvia and Lithuania, who aim to facilitate the free exchange of guarantees of origin of green gas between countries from 2021, and to cooperate in addressing the matters of development of green hydrogen.

Customers

The Company's customers are large electricity, district heating production, industrial companies and medium-sized Lithuanian businesses, natural gas supply companies, natural gas distribution system operators provided with natural gas transmission services. In 2020, the Company concluded agreements with 108 system users (in 2018 – 109 system users).

The system of guarantees of origin allows the origin of the raw gas produced to be identified, registered and monitored, and the consumers of this energy can be guaranteed that the gas they use is produced using renewable energy sources.

RELATIONS WITH THE PUBLIC

All Amber Grid's societal activities are focused on the sense of community, partnership and opinion leadership. The Company maintains close ties with communities in whose territory it operates. The greatest issues facing communities relate to the safety of the Company's activities and issues related to the quality of the environment. In this context, Amber Grid implements a range of measures to address these issues of interest to the communities. The Company initiates regular meetings with community representatives. The Company also participates in community meetings providing answers to the questions of concern of the community representatives, as well as proactively sharing relevant information. Amber Grid aims to build relations with communities through open dialogue, cooperation and partnership.

SUPPORT

In order to ensure the purposefulness, publicity of support provided and transparency of the awarding process, by the decision of 22 August 2017 the Board of Amber Grid approved the Company's Regulations for the provision of support, drafted in accordance with the objectives of the Company's operating Strategy 2017-2022 and the principles of support policy of UAB EPSO-G Group.

Directions of support

As stated in the aforementioned Regulations, the Company may influence the quality of life of the communities or their environment by implementing the development envisaged in the strategy and the projects that are economically important for the state. For this reason, the Company is entitled to support from its profit the needs of the local regions and/or communities where these projects are implemented, education, culture, sports, social services, health care or other areas of community welfare. In addition, the Company may provide support to individuals who study under the programmes related to the direct activities of the Company. Amber Grid encourages voluntary free engagement of the employees in activities of realization of objectives that are important to the public or local community, and, taking this into account, may allocate support.

In providing support, the Company is guided by the following principles: compliance with operational objectives, transparency and impartiality, equality as well as reconciling confidentiality with publicity.

Support is not provided for the financing of political parties or political campaigns, covering of debt obligations of the participants of political campaigns accruing during the period of political campaigns or

relating to political campaigns, for charity and support foundations set up by politicians or by people close to politicians, for legal entities that have improperly implemented or have breached a contract for support previously concluded with any company of UAB EPSO-G (or with other donor and this is known), as well as for activities that promote or relate to games of chance or gambling of this nature, alcoholic beverages, smoking or other intoxicating substances, and for other activities which have or may have a negative impact on the public.

The profit share allocated by the Company for support is determined annually at the ordinary General Meeting of Shareholders, by forming a reserve for this amount,

taking into account the profit of the reporting years and the projects being implemented. The profit share allocated for support may not account for more than 1 % of net profit of the reporting financial year, in any case not exceeding EUR 50 thousand. Regulations for the provision of support are posted on the Company's internet website at the address: https://www.ambergrid.lt/lt/apie_mus/imones-socialines-atsakomybes-politika/parama-ir-jos-teikimo-tvarka.

In 2020, support was provided according to the below specified agreement: https://www.ambergrid.lt/uploads/documents/Paramos%20sutartis_GV_AMBER%20GRID_Infobalt%20kompiuteriai.pdf.





Project 'Dialogue culture and cooperation'

As part of implementation of the gas interconnection project GIPL of the EU significance in Lithuania for connecting Lithuania with Western Europe through Poland, Amber Grid is preparing for the start of the pipeline construction. The total of 165 km of the pipeline will be built through Lithuania from Širvintos district to Lazdijai. The project works will have direct relevance for a larger number of owners in Lithuania than in Poland, and indirectly the project will cover the residents of 9 municipalities. For this reason, in 2018 Amber Grid started implementing the project 'Dialogue culture and cooperation' for introducing the GIPL gas interconnection project between Lithuania and Poland to local communities. During meetings, the GIPL project is presented, its importance, objectives, and benefits are emphasized. In developing the dialogue culture, well-known public figures are invited to the meetings with the local community, who discuss on topics that raise curiosity of people and stimulate critical attitudes to various social phenomena.

Through the project "Culture of dialogue and cooperation" we aim to provide the residents with information on the importance, course and progress of the GIPL project that is being implemented in their neighbourhood, and to educate the public, to form the image of reliable, transparent, socially responsible company, to foster a culture of responsibility, rational creativity and dialogue, and to build long-term relationship with the communities in whose environment the Company pursues its activities.

In 2020, meetings with communities in the municipalities where the gas mains are being constructed were continued.



'Good Luck Windmills' campaign

In 2020, 14 employees of Amber Grid participated in the volunteering campaign during which they decorated windmills for children with oncologic diseases. All funds received from the sale of the windmills were allocated to the charity and sponsorship foundation Rugutė.

Amber Grid handed over 110 used computers to children from socially vulnerable families



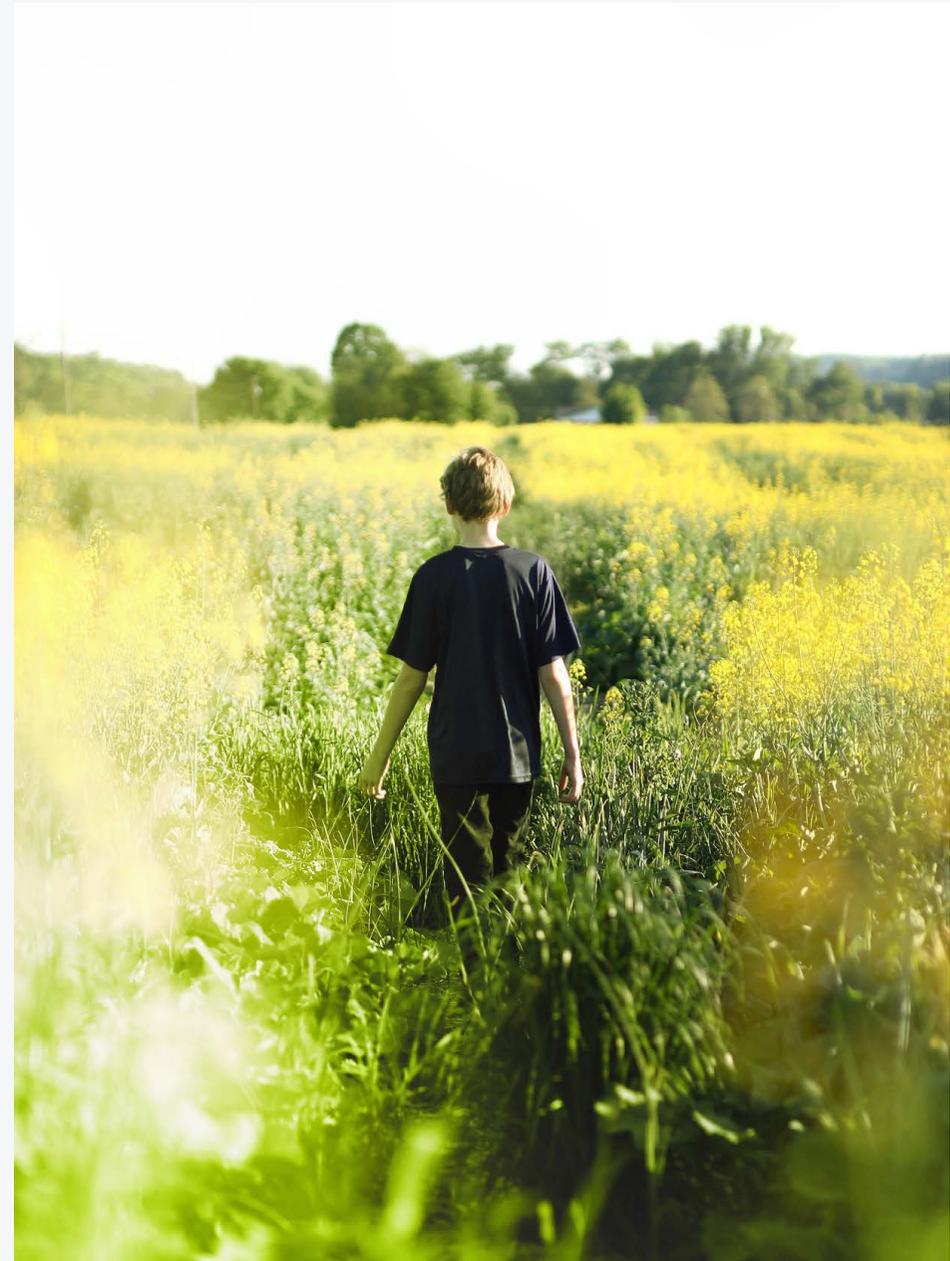
children from socially vulnerable families

In 2020, in cooperation with the public organisation 'Save the Children', the Company transferred for free 110 computers that were no longer in use but were in good condition to children of socially vulnerable families. The association Infobalt helped prepare the computers for use and employees of 'Save the Children' distributed them across Lithuania.

'Blood Donor Day'



The Company regularly organises blood donation campaigns. In 2020, 38 employees of Amber Grid took part in the civic campaign 'Blood Donor Day', which contributed to saving the health and life of sick people. The National Blood Centre expressed gratitude to Amber Grid for the active participation and the dissemination of free blood donation ideas.



LIST OF GRI DISCLOSURES (G4)

The list of indicators of general disclosures is presented below.

Indicator code according to GRI standard	Description	Page
GRI 102-1	Name of the organisation	AB „Amber Grid“
GRI 102-2	Activities, main brands and services of the organisation	10
GRI 102-3	Address of headquarters of the organisation	10
GRI 102-4	Location of operations	10
GRI 102-5	Ownership and legal form	10
GRI 102-6	Markets served	27
GRI 102-7	Scale of the organisation	19
GRI 102-8	Information on employees and other workers	19
GRI 102-9	Supply chain	8
GRI 102-12	External economic, environmental and social initiatives	5
GRI 102-13	Membership with national and international organisations	13
GRI 102-14	Statement from senior decision-maker of the organisation	4
GRI 102-16	Values, principles, standards and norms relating to codes of conduct and ethics	6
GRI 102-17	Mechanisms for advice and concerns about ethics	10
GRI 102-18	Governance structure	12
GRI 102-21	Consulting stakeholders on economic, environmental, social issues	5
GRI 102-22	Composition of the highest governance body and its committees	11
GRI 102-23	Separation of functions	11
GRI 102-24	Nominating and selecting the highest governance body	11
GRI 102-25	Conflicts of interest	11
GRI 102-30	Effectiveness of risk management processes	15
GRI 102-35	Remuneration policies	20
GRI 102-36	Process for determining remuneration	20
GRI 102-39	Increase in annual total compensation ratio	20
GRI 102-40	List of stakeholder groups	5
GRI 102-41	Collective bargaining agreement	21

Indicator code according to GRI standard	Description	Page
GRI 102-43	Approach to stakeholder engagement	5
GRI 102-44	Key topics and concerns raised	5
GRI 102-50	Reporting period	3
GRI 102-51	Date of most recent report	3
GRI 102-52	Reporting cycle	3
GRI 102-53	Contact point for questions regarding the report	3
GRI 102-54	Impact standards	3
GRI 102-55	GRI indicator table	30
GRI 205-2	Communication and training about anti-corruption policies	16
GRI 205-3	Confirmed incidents of corruption and actions taken	17
GRI 305-5	Reduction of GHG emissions	24
GRI 306-2	Waste by type and disposal method	24
GRI 401-1	New employee hires and employee turnover	19
GRI 403-1	Occupational health and safety management system	25
GRI 403-5	Worker training on occupational health and safety	25
GRI 403-6	Promotion of worker health	25
GRI 403-8	Workers covered by an occupational health and safety management system	25
GRI 404-1	Average hours of training per year per employee	22
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	21
404-3	Percentage of employees receiving regular performance and career development reviews	20
406-1	Incidents of discrimination and corrective actions taken	16
413-1	Operations with local community engagement, impact assessments, and development programmes	29
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16